

In the Matter of: )  
 )  
Business Meeting )  
\_\_\_\_\_ )

Commissioners Present

Robert B. Weisenmiller, Chairperson  
Karen Douglas  
Andrew McAllister  
Carla Peterman

Staff Present:

Rob Oglesby, Executive Director  
Michael Levy, Chief Counsel  
Jennifer Jennings, Public Advisor  
Harriet Kallemeyn, Secretariat

Agenda Item

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Adam Gottlieb	
Paul Kramer	3
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Raoul Renaud	4
Kevin Bell	4
Eric Solorio	4
Dale Rundquist	5
Jacob Orenberg	6
Le-Quyen Nguyen	7
James Haile	8
Andre Freeman	9
Isaiah Larsen	10, 11
Elizabeth Shirakh	12
Garry O'Neill	12

Also Present

Interested Parties (\* Via WebEx)

John McKinsey, Stoel Rives	3
George Piantka, PE, NRG Inc.	3
*Michelle Murphy	3
*Bob Perkins	3
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P R O C E E D I N G S

SEPTEMBER 12, 2012 1:08 p.m.

CHAIRPERSON WEISENMILLER: Good afternoon, let's start the meeting with the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRPERSON WEISENMILLER: So, for today's business meeting we are first going to have some events first and then we're going to go into the regular business meeting.

The first thing I want to do is; we have a resolution for Barbara Byron. And many of you know Barbara, who's been an institution here. Actually, Barbara, stand up or whatever.

(Laughter)

CHAIRPERSON WEISENMILLER: For those of you who don't know Barbara, that's Barbara Byron.

And as I said, she's been an institution at the Energy Commission. Certainly, I had the pleasure of working with her when I was here the first time, and also as a consultant, and now as the Chair, where she's been an advisor to a number of us on nuclear issues.

And as with everything with the passage of time, after making this her career and her life for 35 years, she's now moving on to bigger and better things.

1           So with that, I have a resolution I would like  
2 to read and I think we have some folks on the phone who  
3 also want to comment.

4           So, in terms of the resolution:

5           "Whereas Barbara Byron has dedicated 35 years as  
6 a public servant working for the California Energy  
7 Commission and in that time has demonstrated a strong  
8 commitment to excellent and diligent effort on behalf of  
9 the people of the State of California and;

10           Whereas on May 23<sup>rd</sup>, 1973 Assemblyman Charlie  
11 Warren stated, 'Nuclear fusion reactors present serious  
12 problems which as yet have not been satisfactorily resolved  
13 and these problems concern the reliability of the essential  
14 emergency core cooling systems, radioactive waste disposal,  
15 and security against hostile forces. Until these and other  
16 problems are resolved it appears foolhardy to continue on a  
17 course of action which will result in an increase of the  
18 number of operating reactors from the present two to  
19 anywhere from 80 to 100 in the next 25 years' and;

20           Whereas on April 1<sup>st</sup>, 1977 Barbara began her  
21 career working at the California Energy Commission's  
22 Nuclear Assessments Office alongside the best and brightest  
23 technical energy analyst and;

24           Whereas Barbara contributed to a comprehensive  
25 technical assessment of federal nuclear waste facilities

1 throughout the United States, interviewed technical  
2 experts at these facilities, organized public hearings and  
3 reviewed major nuclear energy reports that resulted in  
4 California law abandoning land use permits for  
5 certification for new nuclear power plants until certain  
6 conditions were met and;

7           Whereas Barbara served as nuclear policy advisor  
8 to four California Energy Commissions, Charles Imbrecht,  
9 Chair, Robert Laurie, Commissioner, James Boyd, Vice-Chair,  
10 and Robert B. Weisenmiller, Chair, who were the state  
11 liaison officers to the Nuclear Regulatory Commission,  
12 providing expert analysis, policy recommendations and  
13 motivational support on a variety of controversial and  
14 contentious issues related to nuclear waste issues and;

15           Whereas Barbara, as Senior Nuclear Policy  
16 Advisor, has represented the California Energy Commission  
17 for more than 25 years on the Western Interstate Energy  
18 Board's High Level Waste Committee, the Western Governors'  
19 Association, WIPP, Temperer Safety Technical Advisory  
20 Group, and the California Nuclear Transportation Working  
21 Group and;

22           Whereas Barbara has coordinated and led numerous  
23 working groups to discuss matters that cross agency  
24 jurisdictional boundaries to provide input on major federal  
25 proceedings and develop policies on nuclear waste



1 transportation, pushed on 11 requirements, the Nuclear  
2 Waste Transportation and Storage Policies, and the highly  
3 successful Nuclear Waste Transportation Safety Program and;

4           Whereas Barbara shares the recognition with her  
5 camping and canoeing partner, husband Earl Byron, and her  
6 sons, Richard and John, daughter-in-law Janna,  
7 granddaughter Kyla, and her most loyal advisor, Barney,  
8 and;

9           Therefore be resolved that the California Energy  
10 Commission recognizes and thanks Barbara Byron for her  
11 extraordinary diligence and professional contributions to  
12 the safety and well-being of the citizens of California,  
13 and their environment, and for reminding us being a public  
14 servant is an honorable goal, and wish her good health and  
15 all the best in her future endeavors."

16           Thank you.

17           (Applause)

18           CHAIRPERSON WEISENMILLER: Now, we have on this  
19 phone at this point, let's start with Ann Delaney Clark,  
20 from the State of New Mexico.

21           MS. DELANEY CLARK: Hi, thank you very much for  
22 the chance to speak about Barbara Byron. Barbara has been  
23 a good friend and a trusted colleague for the last 11 years  
24 and I'm following in her footsteps in a few months and  
25 retiring, as well.

1           I greatly appreciated Barbara's concern about  
2 nuclear waste issues in a very thoughtful and deliberate  
3 manner.

4           Barbara always took the time to put in all -- to  
5 dot all the I's and cross all the T's, to put in all those  
6 special details that made sure that our most valid, our  
7 deepest concerns were addressed.

8           And I have some words that came from other people  
9 involved in our program. Our program, Barbara actually  
10 works with me on two programs. One is the Western  
11 Governors' Association, with Technical Advisory Group on  
12 Transportation, and New Mexico is the host to WIPP. The  
13 Waste Isolation Pilot Plan is what that stands for.

14           So, the safe transportation of nuclear waste to  
15 the WIPP site is a very important thing to New Mexico since  
16 we're the host state, and Barbara was a part of that  
17 program.

18           And she also served on the Western Interstate  
19 Energy Board High Level Waste Committee for 15 years.

20           And Doug Larson, who is the Executive Director of  
21 the Western Interstate Energy Board, asked me to say the  
22 following: "It has been my honor to work with Barbara for  
23 more than 15 years. Barbara Byron's leadership of western  
24 states in developing ways to safely transport nuclear waste  
25 was like a patient velvet hammer."

1 (Laughter)

2 MS. DELAINE CLARK: "Patiently Barbara went toe-  
3 to-toe with indecisive federal agencies over years, with  
4 relentless, logical and persuasive arguments all done with  
5 unwavering civility and charm.

6 Barbara's deep knowledge and flawless work gave  
7 confidence to every western state in her leadership of the  
8 region.

9 We will sorely miss Barbara and wish her the best  
10 in retirement."

11 Joe Strolin, from the State of Nevada, asked me  
12 to say this: "In all my years of government and private  
13 sector work I have never met anyone as honest, sincere,  
14 dedicated, competent and reliable as Barbara. She was  
15 always a joy to work with and a very wonderful and special  
16 person to be around. She will be sorely missed, I'm sure,  
17 by the State of California and her wise and valuable  
18 counsel will be missed by all of the western states she has  
19 worked so effectively with all of these years.

20 Barbara, you have been a great colleague and a  
21 good friend, I wish you every good thing in retirement."

22 Jim Williams, who is the Coordinator of the High  
23 Level Waste Program at the Western Interstate Energy Board,  
24 adds this: "As the sad person responsible for working with  
25 the committee and its co-chairs, I am in a position to

1 appreciate Doug's analogy to a patient, velvet hammer.  
2 This was in particular evidence in her leadership to  
3 produce a national set of principles for agreement on  
4 transportation issues. All of us in the west have been  
5 lucky to be able to work with Barbara Byron. And these  
6 principles for agreement will be the basis of the  
7 conversation that we are about to enter into with the  
8 Department of Energy, again, on the transportation of high  
9 level waste and spent nuclear fuel. And I will be going to  
10 help represent WIEB in that initiation of that conversation  
11 at the beginning of October, in D.C., and we will be using  
12 that principles for agreement as the basis of our stance.  
13 And it is an extremely important document that Barbara  
14 carefully developed in conjunction with other members of  
15 our group, but she really was the driving force behind it.  
16 We cannot appreciate that contribution enough.

17           Barbara, you have also been a great friend. You  
18 were one of two other women in the group when I joined the  
19 WGA Technical Advisory Group and it was amazing how well we  
20 worked together, and how you welcomed me into the fold 11  
21 years ago. I've always found your calm, clear-headed  
22 thinking to be a comfort in times of stress. And you're  
23 just a calmly welcoming, warm person. I'm sure everyone  
24 there knows this out of personal experience, but I just  
25 don't think it can be said enough. Thank you so much,

1 Barbara."

2 And that concludes my comments.

3 CHAIRPERSON WEISENMILLER: Okay, thank you very  
4 much.

5 Susan Durbin.

6 MS. DURBIN: Good afternoon and thank you. My  
7 name is Susan Durbin, I'm with the Attorney General's  
8 Office.

9 I'd like to say how much Barbara has meant to our  
10 office and how effective she has been in working on nuclear  
11 issues for the State of California.

12 People say that there are no indispensable people  
13 but, clearly, Barbara is the exception.

14 I've worked on nuclear issues for nearly 30 years  
15 which means, inevitably, that I have known, liked,  
16 respected and admired Barbara for about 30 years.

17 And I also speak for Brian Hembacher in our Los  
18 Angeles Office, who's done the same.

19 Barbara has probably the most full-rounded,  
20 complete knowledge of California nuclear law and policy of  
21 anyone in the State. In a real sense she is the State's  
22 institutional memory on this subject.

23 I have never talked with her about any California  
24 plant, about any technical nuclear issue, about almost any  
25 legal nuclear issue on which she didn't have a wide range

1 of knowledge and an amazing grasp of both facts and  
2 policy.

3 Whenever the lawyers in our office who did or do  
4 nuclear work, each of us having 10, to 20, to 30 years of  
5 experience needed more information, we'd always call  
6 Barbara first and she never disappointed. She's used this  
7 knowledge extremely effectively for California.

8 In many instances lawyers in our office would  
9 find out rather late about a nuclear issue, an NRC  
10 rulemaking, a DOE action, whatever, and we'd worry that  
11 we'd come too late to be able to participate. In literally  
12 every such case, where I was involved, I'd call Barbara in  
13 a panic and find out that she was already way ahead of me.

14 Usually, she would already have submitted a long,  
15 detailed comment letter on behalf of California that raised  
16 all the appropriate issues, a letter that we would then use  
17 and rely on in our legal actions. Not only that, but  
18 without being aware, herself, she'd always raise the right  
19 legal issues. I don't know how she did it.

20 She is an amazingly effective communicator and  
21 facilitator. Over several years I regularly saw Barbara  
22 chair the meetings of the Nuclear Waste Transport Working  
23 Group. California agencies that virtually or literally  
24 never talk to each other anywhere else came to those  
25 meetings here and actually communicated with each other

1 under Barbara's leadership.

2 We'd sit around the table, we'd eat the baked  
3 goods she always brought, a technique I learned and copy in  
4 my own hostile meetings, now.

5 (Laughter)

6 MS. DURBIN: And she was so calm, so able to calm  
7 everyone else that she kept the meetings useful, productive  
8 and focused on the tasks at hand. Given the range of  
9 people from scientists, to engineers, to law enforcement  
10 personnel, to lawyers, they all worked together when  
11 Barbara asked them to. Again, I don't know how she did it.  
12 She is probably the calmest person I've ever known.  
13 Certainly, the calmest I've ever worked with. Quiet,  
14 clear-eyed, sensible, and she could calm everyone else,  
15 too, without losing the momentum of a meeting.

16 I'm going to miss her intensely professionally,  
17 but since we both live in Davis I hope not to have to miss  
18 her personally. Thank you, again.

19 CHAIRPERSON WEISENMILLER: Thank you. Rochelle  
20 Becker.

21 MS. BECKER: Thank you so much. This is Rochelle  
22 Becker from the Alliance for Nuclear Responsibility and I'm  
23 calling from San Diego, the home of the San Onofre Nuclear  
24 Plant.

25 (Laughter)

1 MS. BECKER: Barbara was the first person in  
2 State government to actually welcome the public into  
3 proceedings on nuclear power. She did not side with us,  
4 but reviewed all information we sent and passed along to  
5 decision makers when information warranted the Commission's  
6 decision.

7 There is no doubt that this has been a tightrope  
8 job for Barbara and she has walked it well. She has  
9 listened to all sides of the nuclear argument and  
10 responsibly passed along questions and issues that all  
11 State agencies and legislators had ignored for almost two  
12 decades.

13 It is thanks to the Energy Commission that its  
14 sister agencies are now listening to the myriad of problems  
15 facing our State as we deal with aging reactors on  
16 California's seismically active coast.

17 The Alliance credits Barbara with the  
18 Commission's determination to encourage the State to take  
19 these problems seriously.

20 The Alliance credits the Commission for listening  
21 to Barbara, to the public, to numerous stakeholders who  
22 will be impacted by California's actions. We could not  
23 afford to be there today, but we are there in spirit, and  
24 we send Barbara a hug and all of our thanks.

25 Thank you very much. And thank you, Commissioner



1 Weisenmiller, for the resolution.

2 CHAIRPERSON WEISENMILLER: Thank you. Anyone  
3 else?

4 Barbara, you want to step forward and we can you  
5 the resolution and we'll get our pictures taken.

6 And, obviously, Barbara, if you want to comment  
7 on the record you're welcome to do that, or if you want  
8 to --

9 MS. BYRON: I just wanted to say really quickly  
10 how much I've enjoyed working with all the people here,  
11 both within the agency and the agencies -- I mean the  
12 public members and agencies outside the organization.

13 And it's been an honor to work with you and thank  
14 you so much for everything. I'll keep it short.

15 CHAIRPERSON WEISENMILLER: Sure. Commissioners,  
16 any other Commissioners want to comment?

17 COMMISSIONER DOUGLAS: I just wanted to say that  
18 it's been a pleasure working with Barbara. And over the  
19 time that I've been on the Commission from time to time I  
20 would urgently need to know something in the nuclear area,  
21 and Barbara would come to my office and she would always be  
22 so tremendously helpful and I would get all the background  
23 I wanted. And I would get more background than I wanted  
24 sometimes, and we would sit through and go through it.

25 And, you know, we will really miss you and I just

1 want to thank you, myself, for your hard work and your  
2 leadership in this area.

3 COMMISSIONER PETERMAN: I'll just second everyone  
4 else has said, it's all true. And just on a personal note,  
5 Barbara, I don't know if you always appreciated this, but I  
6 always appreciated the fact that I had to go past your  
7 office to go to mine. Because oftentimes I'll be in a rush  
8 getting into my first morning meeting and Barbara was  
9 always at her desk, very calm, very collected, and I knew  
10 if I needed further inspiration about what we're doing, why  
11 we're doing it, and the dedication of our staff I just had  
12 to say hello to Barbara. And she would stop what she was  
13 doing and smile, and that calmness has been so important to  
14 me and you will truly be missed.

15 COMMISSIONER MC ALLISTER: I can't be left out.  
16 But we haven't worked together much, if at all, just a  
17 little bit when I first showed up and got some briefings,  
18 and I really appreciated those.

19 But I'm really hoping you've trained somebody to  
20 come in and step into your monstrous shoes so we can keep  
21 it going.

22 Because, you know, fantastically happy for you to  
23 move on and get to the next phase of your life but, of  
24 course, the business goes on here at the Commission and  
25 it's really -- to lose an institution, like you, is

1 something we need to appreciate in the moment and also  
2 plan for.

3 So, thanks for all your service to the State and  
4 to the Commission.

5 MR. OGLESBY: I'd like to add my acknowledgement  
6 of Barbara's hard work, some of which has already been  
7 said, but I'd like to bring up the fact that Barbara has  
8 been willing to delay or come back from retirement in order  
9 to continue to fulfill the role which she filled so  
10 capable.

11 And I would think out of all the compliments and  
12 accolades that she's received here today the one word  
13 that -- if I had to boil it down to one word that describes  
14 my experience with Barbara it would be dedicated. And so  
15 for that I want to thank her service.

16 (Applause)

17 CHAIRPERSON WEISENMILLER: Now, I also promised a  
18 second context thing. So with that, as you know, we're  
19 putting a strong emphasis on the communications office to  
20 really enhance our capabilities in the video area, so we're  
21 now going to roll our second video.

22 Bob, Adam, you want to say anything?

23 MR. GOTTLIEB: Commissioners, the video you're  
24 about to see is the second in a series that we hope to  
25 continue to populate both our YouTube and our Facebook

1 page.

2           So, I just wanted to acknowledged the hard work  
3 that went into this, both from Katie Chan and Katie  
4 Kukulka, recently who had to leave our offices as students,  
5 but we are hopeful for the future.

6           It's also notable that it's been voiced by Rob  
7 Schlichting, a long-time media communications staffer.

8           So with that, I think --

9           CHAIRPERSON WEISENMILLER: Actually, I would note  
10 that Katie Kukulka is here today.

11          MR. GOTTLIEB: Hey. A warm round of applause,  
12 yes.

13          (Applause)

14          MR. GOTTLIEB: Hit it.

15          (Video plays)

16          (Applause)

17          COMMISSIONER PETERMAN: Excellent. Well done,  
18 another terrific video. It's funny because we obviously  
19 approve a number of these initiatives in business meetings  
20 but there's nothing like a picture to really put it in  
21 perspective.

22          And I thought that was a great video and  
23 congratulations to our staff and our students who worked on  
24 this.

25          You know, as Adam kind of alluded to, I hope

1 we'll be able to bring more students in, in the future, to  
2 continue to do such valuable projects and really get the  
3 word out about all the great works that those in this room,  
4 and those throughout the building, and the State are doing.

5 COMMISSIONER DOUGLAS: Well, I just want to also  
6 thank Adam and the team for putting the video together. I  
7 think they did a great job. I wasn't the easiest interview  
8 candidate even to pin down and get in a room for that but  
9 once I managed to do that part, things went really well.

10 And I just, you know, really appreciate your  
11 support and help in getting the word out about standards  
12 because the latest building standards that the Energy  
13 Commission approved really were path-breaking in many ways.  
14 They introduced new elements of the standards that we've  
15 never had before, such as solar-ready roofs, and whole  
16 house fans, and other innovations, and they represent the  
17 greatest incremental increase in energy savings that the  
18 standards that we've moved forward have ever required.

19 So they were a major step and a major achievement  
20 for the Energy Commission.

21 And thanks for pulling the video together.

22 COMMISSIONER MC ALLISTER: So, you know, holding  
23 the standard high for those of us who are yet to be  
24 interviewed in some capacity for this kind of thing. But  
25 great for you, thanks very much Adam and team.

1           And I wanted to just acknowledge Commissioner  
2 Douglas that what she said there was the most distilled  
3 description of -- it had some meat on it and it was so  
4 distilled, and it rely belies the huge amount of lifting on  
5 her part, and by staff, and her staff to get to the point  
6 that we are now with the standards. Just every word in  
7 that short script has, you know, books behind it.

8           And so that's the process, working with all the  
9 stakeholders, trying to work out the issues, having an open  
10 process and getting to some kind of a consensus based on  
11 the imperative that we have here on the policy and levels  
12 here, in California, where we're trying to go.

13           There's a lot of work, and coordination, and  
14 bringing in lots of different viewpoints and resolving them  
15 to get to some agreement that we can move forward with.  
16 And I think just it's been really marvelous to watch that  
17 in action in the short time I've been here.

18           And I'm looking forward to implementing all of  
19 this stuff, so thanks Commissioner Douglas.

20           CHAIRPERSON WEISENMILLER: Yeah. I was going to  
21 say I've been thinking, again, I put a high priority on  
22 enhancing communication. Certainly, these videos are a  
23 part of that. Adam and the two Katies have done a  
24 marvelous job.

25           This one, once we got those new interns, this had

1 to really be a rush production.

2 Also, Grant Mack, from my office, has been  
3 heavily involved on this stuff, too. Certainly, we're  
4 working as hard as we can to maintain this capability going  
5 forward, and certainly have ideas for future videos. I  
6 think the next one, hopefully, will be on 1/18, again to  
7 try and get the word out.

8 But, again, we're sort of dealing with the State  
9 personnel rules that we have. But, again, hopefully, we're  
10 going to continue to grow this capability in the future.

11 So again, thanks team for a good job.

12 COMMISSIONER PETERMAN: Just a quick question;  
13 where can folks find this on the web in case they want to  
14 link to it, themselves?

15 MR. GOTTLIEB: Why, Commissioner, that's a  
16 wonderful question. They can certainly go to our YouTube  
17 account, which is calenergycommission. They can also be  
18 friends with us on our Facebook page, at caenergy.

19 And if you are following us on Twitter, please go  
20 to calenergy. We've got cards up front, so people can take  
21 these on the way out.

22 COMMISSIONER PETERMAN: Terrific, thank you.

23 CHAIRPERSON WEISENMILLER: Okay. So, let's turn  
24 to the consent calendar. Let's hold Item a. and deal with  
25 the rest of the consent calendar.

1           COMMISSIONER DOUGLAS: I move the consent  
2 calendar without Item a.

3           COMMISSIONER PETERMAN: I'll second.

4           CHAIRPERSON WEISENMILLER: All those in favor?

5           (Ayes)

6           CHAIRPERSON WEISENMILLER: Okay, so I'm going to  
7 recuse myself on Item a., so I'll be back.

8           COMMISSIONER DOUGLAS: All right, so can we have  
9 a motion on Item 1.a.?

10          COMMISSIONER PETERMAN: I'll move Item 1.a.

11          COMMISSIONER MC ALLISTER: I'll second.

12          COMMISSIONER DOUGLAS: All in favor?

13          (Ayes)

14          COMMISSIONER DOUGLAS: Item passes unanimously,  
15 with Chairman Weisenmiller abstaining.

16          COMMISSIONER MC ALLISTER: And now he's back.

17          CHAIRPERSON WEISENMILLER: So, we have nothing  
18 for Item 2 today.

19                So, let's go on to Item 3, El Segundo Power  
20 Redevelopment Project Complaint, 12-CAI-03.

21          MR. KRAMER: Good afternoon, Commissioners, I'm  
22 Paul Kramer from the Hearing Office.

23                Because there's a settlement before you I'll be  
24 very brief in my description of this matter.

25                On July 3<sup>rd</sup> Michelle Murphy and Bob Perkins filed



1 a formal complaint alleging that the El Segundo Project  
2 was being constructed in violation of several conditions of  
3 certification that relate to landscape and lighting design  
4 of the project.

5 Staff then, as required, filed an analysis of the  
6 complaint on August 2<sup>nd</sup>. And a hearing was originally  
7 scheduled at the end of August, but at the request of the  
8 parties was continued to today.

9 Petitions to intervene were also filed by Lyle  
10 and Elsie Cripe, and Doris and Richard Nickelson.

11 On September 5<sup>th</sup>, a week ago, the parties,  
12 including the potential interveners, submitted a joint  
13 statement of agreement to the Commission in which the El  
14 Segundo Project affirmed its commitment to conformance  
15 construction to the project, to the conditions of approval  
16 with two exceptions. They agreed to adjust a slope of a  
17 berm that faces the complainants and the proposed  
18 interveners, and to move the final southern perimeter fence  
19 to a location that is to the north of where an existing  
20 fence has been constructed. In other words, it's a little  
21 bit away from the road at the southern boundary.

22 And they also acknowledged a couple of other  
23 instances where what's been constructed, and they're just  
24 in the middle of construction, now, the project is not  
25 completed, varied from what the conditions required, and

1 they are agreeing to remedy those variances.

2 And then they requested that the Commission, in  
3 order to give teeth to this agreement, order that the El  
4 Segundo Project comply with the terms of the joint  
5 statement.

6 So, yesterday I circulated to the parties and  
7 brought up to your offices a proposed order which would do  
8 just that.

9 And one of the other features is it would deny  
10 the petitions to intervene as being moot in light of this  
11 settlement.

12 So, recommend that you take any comment that  
13 might be proposed and adopt the proposal.

14 CHAIRPERSON WEISENMILLER: Great, we so note.

15 Staff, do you have comments?

16 MS. MATHEWS: Alana Mathews, staff counsel, I do  
17 have one brief comment for the record. The compliance  
18 staff have reviewed the terms of the agreement and all of  
19 the proposed actions appear to be in conformance with the  
20 approved certification conditions.

21 However, we just want to be clear that if, under  
22 this agreement, in the future any of the actions are  
23 outside of what the Commission approved in the  
24 certification the formal process for a petition would have  
25 to be followed.

1                   CHAIRPERSON WEISENMILLER:   Applicant?

2                   MR. MC KINSEY:   Thank you, Commissioners.   John  
3   McKinsey on behalf of the project owner, which is El  
4   Segundo Energy Center, LLC, and also with me is Mr. George  
5   Piantka who represents the project owner, as well as NRG,  
6   the parent company of the project, and I think he wanted to  
7   say a few things.

8                   CHAIRPERSON WEISENMILLER:   Sure, go ahead.

9                   MR. PIANTKA:   Yeah, thank you.   Good afternoon  
10   Commissioners.   I'm George Piantka; I'm Environmental  
11   Director of NRG's west region, and I'm speaking on behalf  
12   of NRG and El Segundo Energy Center, LLC.

13                   And first I want to say, you know, we agree with  
14   the complainants and the staff with, you know, some of the  
15   aspects of the project in the southern portion was built  
16   and constructed to date outside of compliance.

17                   You know, we worked hard with the -- you know,  
18   with the complainants, with the residents of 45<sup>th</sup> Street to  
19   come up with an agreement and to timely remedy these  
20   complaints.

21                   And, you know, this is our reinforcement of our  
22   commitment to continue to comply with the conditions of  
23   certification and continue to meet the obligations of the  
24   license.

25                   You know, this process has allowed us to really

1     reinforce those obligations and reinforce our commitment  
2     and relationships to the community.

3                 CHAIRPERSON WEISENMILLER:   Okay, Michelle Murphy?

4                 MS. MURPHY:   Yes, I want to thank especially the  
5     staff who helped us in this process, in particular Jennifer  
6     and Mary.

7                 But also I have some sort of general remarks.  
8     I'll be very brief, I hope.   This complaint-driven process  
9     worked for us, but my husband and I are retired lawyers,  
10    with time on our hands and the ability to file a complaint,  
11    and request that NRG live up to its agreements.

12                And it's not going to work for everybody.  
13    Somebody living next door to a power plant that conceded  
14    they're not complying might be daunted by the procedure  
15    that we went through to bring this complaint to your  
16    attention.

17                Also, at one point the compliance staff, not Mary  
18    Dyas, but someone else told us that only -- the NRG could  
19    only -- the NRG was not violating any building codes so,  
20    therefore, the compliance department couldn't do anything  
21    about it.

22                That shouldn't be the way it works.   It shouldn't  
23    be only if we file a formal complaint is there any looking  
24    at what the conditions of certifications require.

25                The other thing, and this is a real fear for me,

1 is that I cannot -- I can look over and see that it's  
2 ugly, that it doesn't comply with the visual conditions. I  
3 can't tell what's happening with safety, and pollution, and  
4 those things.

5 And if the Energy Commission waits for a  
6 complaint from that, I mean you might have to wait until  
7 somebody gets lung cancer and then we can't tell it's from  
8 that and not from the cars.

9 So, I would just urge, I know it would be a  
10 really change in your system to move away from this  
11 complaint-driven process to more of a compliance  
12 requirement by staff.

13 If you require me to help, I'm only one citizen,  
14 but lobby for more money that allows you to do this, I  
15 would suggest that that would be a good thing to do with  
16 it.

17 For us this process worked. I'm glad of it. But  
18 for the future I would hope and wish, and for even the  
19 plant next to us I would hope and wish that somebody is  
20 taking care of the people of California's health and  
21 safety.

22 That's it. And as far as the agreement, if NRG  
23 lives up to its end of the agreement, then we'll be  
24 satisfied; if they don't, we'll probably come back and yell  
25 some more.

1 CHAIRPERSON WEISENMILLER: Okay, thank you.

2 Bob Perkins?

3 MR. PERKINS: Hi, I'm Michelle Murphy's husband,  
4 and so I'm a joint complainant. I agree with what she had  
5 to say. We certainly agree with the staff's recommended  
6 order and with the joint resolution which the owners and  
7 the residents hammered out, of which we and the others  
8 signed.

9 I, personally, have no opinion on whether  
10 dismissing the interventions as moot is the procedural  
11 right way to go, or not, and I'm not a potential intervener  
12 so I shouldn't speak to that issue.

13 But for the issues that are mine, we certainly  
14 would ask the Commission to adopt the proposed agreement.  
15 And thank the staff and the Commission for allowing us to  
16 try to set this thing right, and with the cooperation of  
17 the owners to do so.

18 CHAIRPERSON WEISENMILLER: Okay, thank you. Any  
19 other comments?

20 Okay, Commissioners, do you have any questions or  
21 comments?

22 COMMISSIONER DOUGLAS: Just a couple of comments.  
23 First, I do want to thank Jennifer for her support and  
24 assistance to members of the public when they do engage in  
25 our process and it is helpful, and I'm glad to hear that it

1 was helpful in this case.

2           Secondly, I thought it might be helpful if Roger  
3 Johnson, who I see here today, were to give some  
4 description of the inspections on the compliance side of  
5 our process, just so that the folks on the phone, who  
6 expressed a concern about, you know, our resources and  
7 ability to catch health and safety issues that might  
8 arise -- you know, so they could hear some description of  
9 the compliance, for the process.

10           I know, Roger, you're not prepared, I didn't warn  
11 you that I was going to ask for this, but it would be  
12 helpful if you could give us, and give everybody some  
13 background.

14           MR. JOHNSON: Thank you, Commissioners; Roger  
15 Johnson, Deputy Director for the Siting, Transmission and  
16 Environmental Division.

17           The Commission does have the compliance  
18 responsibilities for all projects that we permit and we  
19 carry that responsibility through the construction  
20 operation and closure of the project.

21           And when we do that we act as the chief building  
22 official, we are the chief building official. And,  
23 essentially, we hire a third party. We approve a third  
24 party contractor to act as chief building official for us.

25           And they have primary responsibility for

1 reviewing all of the design requirements, to sign off on  
2 all those designs to make sure they're in compliance with  
3 the codes that are required.

4           They also have a function as safety observer.  
5 Essentially, the applicants have their own safety  
6 consultants on site, but the CBO also acts as a second set  
7 of eyes for the Commission for safety issues.

8           And then every condition of certification needs  
9 to be met throughout construction and operation. We work  
10 very hard to ensure that happens. We have an enormous  
11 compliance process here where all submittals are logged  
12 into a database and distributed to staff to review, and to  
13 sign off, or to ask for more information before they get  
14 the final sign off.

15           And so we regularly visit these sites. We have a  
16 compliance project manager that's assigned to every  
17 project. During construction they go out there twice a  
18 month to meet with the CBO, to inspect the site, take  
19 pictures.

20           One of the requirements for every project that's  
21 under construction is the developer needs to work -- the  
22 CBO needs to develop a website that's available to staff  
23 here at the Commission, to receive weekly updates on status  
24 of construction, to see photos of the progress of  
25 construction. And that's a password-protected website



1 available to the staff so that they can keep track of the  
2 project without traveling down there as frequently as might  
3 be needed to see more.

4 And so with that, we have complaint numbers that  
5 are posted for members of the public to call if there's a  
6 noise complaint, an odor complaint, anything like that to  
7 be investigated within 24 hours.

8 So, we try to do a good job of monitoring these  
9 projects during construction. We have -- I don't have the  
10 exact number right now, but more than 10 projects are under  
11 construction today and we're monitoring all those each day.

12 COMMISSIONER DOUGLAS: Thank you, Roger. Just as  
13 one final comment, not a question to you, obviously, we  
14 take compliance with the conditions of licensing here at  
15 the Commission very seriously.

16 And so I want to thank the people who brought the  
17 complaint for raising issues for our attention, that needed  
18 to be raised for our attention, and I wanted to thank NRG  
19 for working with the community to resolve those issues in a  
20 mutually satisfactory way.

21 COMMISSIONER MC ALLISTER: I just want to  
22 reiterate that the public process -- so, it's great. So, I  
23 want to thank the complainant because, you know, we need  
24 to -- we're living in a society of contracts and have to  
25 respect those contracts. And I think NRG is trying to be a

33

1 good corporate citizen and that's really essential to  
2 maintain the trust of this whole process.

3 So, you know, it's better if it doesn't get to  
4 sort of a compliance level in a complaint resolution, so  
5 good relationships among the community and the applicant is  
6 always sort of the best route.

7 But as far as other -- so, for non-lawyers to  
8 really engage with this process, I just want to point  
9 out -- or folks that have other limitations, just to make  
10 sure everyone knows about the public adviser, and  
11 Jennifer's availability to help figure out what to do to do  
12 anything, including potentially bringing a complaint. But  
13 even short of that, too, to help get something in front of  
14 the staff, in front of the Commission to raise the flag on  
15 a problem, so that Roger and his staff can engage and  
16 figure out what's going on as part of their duties.

17 So, you know, yes, we really take this seriously  
18 and make this -- I think is a great, you know, a  
19 satisfactory resolution to this issue so, thanks everybody  
20 for getting to the table and working it out.

21 CHAIRPERSON WEISENMILLER: Yeah, again, I would  
22 like to thank all the parties. I mean I think the reality  
23 is when we go through our siting cases we come up with  
24 hundreds of conditions in a courtroom, and then those have  
25 to be translated into the construction sites.

1           And that's a pretty significant responsibility  
2   for Roger and his crew to make sure that those conditions  
3   are indeed implemented seriously.

4           And that I think, I'm sort of sorry that this  
5   seems to have gone off track in a couple of areas.  
6   Certainly appreciate NRG stepping forward to try to work  
7   with the neighbors. Obviously, this is going to be a long-  
8   term relationship there and it's important to build and  
9   maintain public trust on the operation of the facility.

10           So, again, certainly appreciate the interveners  
11   bringing these to our concern, appreciate the staff  
12   investigating it, and then appreciate a resolution.

13           So, with that any motions?

14           COMMISSIONER DOUGLAS: I'll move approval of the  
15   order on this item.

16           COMMISSIONER MC ALLISTER: And I'll second.

17           CHAIRPERSON WEISENMILLER: All those in favor?

18           (Ayes)

19           CHAIRPERSON WEISENMILLER: This item passes  
20   unanimously. Again, thank you.

21           COMMISSIONER PETERMAN: Chairman, before we move  
22   to Item Number 4, I was wondering would it be possible to  
23   increase the volume on the speakers for when we hear  
24   comments over the phone line? I'm finding it just on the  
25   brink of being challenging.

1                   CHAIRPERSON WEISENMILLER: Okay. So, let's go  
2 to Item Number 4, which is Pio Pico Energy Center, 11-AFC-  
3 01; possible adoption of Presiding Member's proposed  
4 decision.

5                   Raoul Renaud.

6                   MR. RENAUD: Thank you. Should we wait for  
7 Commissioner Peterman or proceed?

8                   CHAIRPERSON WEISENMILLER: No, go ahead.

9                   MR. RENAUD: Well, the Pio Pico Energy Center  
10 would be a natural gas-fired, simple cycle, peaking and  
11 load following facility rated at 300 megawatts, powered by  
12 three 100-megawatt General Electric LMS 100 turbine  
13 generators.

14                   It would be located immediately adjacent to the  
15 existing Otay Mesa generating project, which is also a  
16 natural gas-fired power plant in San Diego County, in the  
17 area called Otay Mesa.

18                   The applicant proposes to initiate construction  
19 of the PPEC in the first quarter of 2013 and have  
20 commercial operations by May of 2014, if you approve it.

21                   Just the procedural history on this is that the  
22 AFC was submitted on February 9, 2011, and on April 20<sup>th</sup>,  
23 2011 the Commission deemed the AFC data adequate.

24                   The parties, of course, were the applicant and  
25 the staff and, eventually, Rob Simpson and the Corrections

1 Corporation of America became interveners.

2 The site visit and informational hearing was  
3 conducted on May 16, 2011 and a number of workshops  
4 followed that, most of which were held in Chula Vista.

5 The FSA was published on May 22<sup>nd</sup>, 2012 and the  
6 committee conducted a pre-hearing conference on July 9, and  
7 the evidentiary hearing on July 23<sup>rd</sup>, 2012.

8 We issued the PMPD on August 6<sup>th</sup>, 2012, which  
9 began the running of the 30-day public comment period, and  
10 conducted a committee conference on August 29<sup>th</sup>.

11 The notice period for public comment ended on  
12 September 5, and the committee issued an errata on  
13 September 10, which incorporated the comments submitted by  
14 the parties to that date.

15 Before you then for adoption is the Presiding  
16 Member's proposed decision and the errata.

17 In comments submitted by Intervener Simpson to  
18 both the PMPD and to the errata, Mr. Simpson has raised a  
19 question of whether or not notice should have been provided  
20 of these proceedings to prison facilities in the vicinity.

21 One is the Donovan State Prison, which is about  
22 4,000 feet north, and another is a complex of facilities,  
23 including the Federal Immigration Detention Facility and  
24 some county facilities, about 4,800 feet from the site.

25 I've looked into that and the Commission

1 regulations call for notice to the owners of parcels  
2 within 1,000 feet of the proposed site. And that was done,  
3 there's no question about that.

4 So, these facilities do fall outside that 1,000-  
5 foot range.

6 More important than that, though, is the fact  
7 that the impacts of the project, and particularly the  
8 public health impacts, which is what we'd be concerned  
9 about in connection with the prison facility, were analyzed  
10 within a three-mile radius, and it was determined that  
11 there were no impacts to receptors within that three-mile  
12 radius. So, those concerns really are, I think could be  
13 deemed moot.

14 So I would, anyway, suggest that the committee is  
15 prepared to recommend adoption of the PMPD and the errata,  
16 and I'll open it up for questions or comments.

17 CHAIRPERSON WEISENMILLER: Let's hear from the  
18 staff.

19 MR. BELL: Thank you. Staff has had the  
20 opportunity to read and consider all documents filed in  
21 this matter, including the comments that were filed this  
22 morning on behalf of Mr. Simpson.

23 I just want to add to one thing that Mr. Renaud  
24 said, which is with respect to staff's analysis as to  
25 impacts. Staff assumed the presence of sensitive receptors

1 in conducting its analysis.

2 And at the end of that analysis we found that  
3 there were no impacts. So, we assumed the presence of  
4 those receptors in the analysis, itself.

5 The other issue that Mr. Simpson raised was with  
6 respect to whether or not the Commission should be  
7 considering the Chula Vista Energy Upgrade Project as  
8 precedential, and that's an issue that's been raised  
9 previously by Mr. Simpson. It has been considered by the  
10 Commission and previously addressed.

11 But I would put on the record that Government  
12 Code section 11425.6 covers this area. And I can say,  
13 without a doubt, that the Chula Vista Project was not  
14 considered to be precedential and shouldn't be treated as  
15 such by the Commission.

16 And as I stated before, this has already been  
17 previously addressed.

18 COMMISSIONER PETERMAN: Staff, before you move on  
19 from the points raised by Mr. Simpson, he also raised a  
20 concern about notification to Mexico. And could one of you  
21 speak to our international notification process with EPA?

22 MR. BELL: Mr. Renaud?

23 MR. RENAUD: This is a subject that we've  
24 explored in previous facilities. I know with the Otay Mesa  
25 facility this came up. And there are no treaties, NAFTA or

1 otherwise, that require us to extend our notice provisions  
2 outside what's already required by regulations.

3 So, staff has complied with the regulations with  
4 respect to notice of the facility.

5 COMMISSIONER PETERMAN: And just a little bit  
6 more on that, our requirement is we notify EPA Region 9,  
7 and then they reach out to a number of parties in Mexico;  
8 is that correct?

9 MR. RENAUD: Yes, I've been told that that is, in  
10 fact, EPA's procedure and that they notified some 14  
11 government officials in Mexico concerning these  
12 proceedings.

13 MR. BELL: That's my understanding.

14 MR. RENAUD: Concerning their proceedings, I  
15 should say, the EPA proceedings.

16 COMMISSIONER PETERMAN: Thank you. And I'll note  
17 that these were issues that the committee and I believe  
18 staff considered in the -- during the entire proceeding,  
19 and not only in response to the comments filed this  
20 morning.

21 MR. RENAUD: Correct.

22 CHAIRPERSON WEISENMILLER: Okay, applicant?

23 MS. FOSTER: Good afternoon, Commissioners;  
24 Melissa Foster with Stoel Rives, on behalf of applicant.

25 With me here today is Dave Jenkins, who would like to say a

40



1 few words on behalf of the project.

2 MR. JENKINS: Well, good afternoon Presiding  
3 Members, Commissioners. My name's David Jenkins, I'm with  
4 the Pio Pico Energy Center development team.

5 And speaking on behalf of the team I would just  
6 like to simply say that we concur with the PMPD and the  
7 errata thereto. And we also would like to say that we  
8 appreciate the analysis and work by staff, and the  
9 consideration by the Presiding Members and committee for  
10 approval of this most needed project. Thank you.

11 CHAIRPERSON WEISENMILLER: Thank you.

12 I believe Gretel Smith is here on behalf of  
13 the -- who is speaking on behalf of Rob Simpson.

14 MS. SMITH: That is correct. Can you hear me?

15 CHAIRPERSON WEISENMILLER: Yes, we can.

16 MS. SMITH: Oh, okay. Basically, we don't  
17 believe that the alternatives were adequately analyzed in  
18 the PMPD. We believe that the no project alternative is  
19 the viable solution as set forth in Mr. Powers' testimony  
20 at the evidentiary hearing, and set forth in our comments.

21 Additionally, BACT requires a solar component  
22 incorporated in the facility. The EPA held Palmdale, that  
23 BACT requires a solar component as set forth in Mr.  
24 Simpson's comments 1-a, that were filed this morning, or  
25 docketed this morning.

1           Finally, the APCD has never provided any  
2   response in this regards to Mr. Simpson's PDOT comments.

3           Because the analysis is incomplete and  
4   inadequate, BACT requires solar, and because Mr. Simpson  
5   never received any response to his PDOT comments, we  
6   believe that certification of Pio Pico at this time is  
7   premature.

8           CHAIRPERSON WEISENMILLER:   Okay, thank you.   I  
9   believe that's all the interveners, although I believe Mr.  
10   Powers has public comment.

11          MR. POWERS:   Yes, this is Mr. Powers, expert for  
12   Mr. Simpson.   And I just wanted to clarify, before I make  
13   comments, how much time I have?

14          CHAIRPERSON WEISENMILLER:   Three minutes.

15          MR. POWERS:   Three minutes?

16          CHAIRPERSON WEISENMILLER:   Yes.

17          MR. POWERS:   The first point I'd like to make is  
18   that I was an expert in the Chula Vista Energy Upgrade  
19   Project, which was denied by the full Commission on land  
20   use ordinance issues and in the same decision indicated  
21   that rooftop solar could do the same -- fill the same  
22   function cost effectively compared to the gas turbine.

23          I take issue with the reading of the California  
24   Code because we are a common law nation.   And once you have  
25   made a decision at the CEC, if we go to court to challenge

1 it, we will be referring to other decisions the CEC has  
2 made.

3 And so I really take issue with the fact that you  
4 could do such a suburb job on the 100-megawatt Chula Vista  
5 Project, and then say it is erased from our collective  
6 memory.

7 The issue in Chula Vista, the alternatives  
8 analysis looked at solar alternative, demand side  
9 management, and biomass.

10 In this case the alternative analysis was limited  
11 to another form of gas turbine or engine, so there really  
12 was no alternative looked at, other than the technology at  
13 issue.

14 The demand side management issue, the only load  
15 that is increasing on a summer afternoon, after midday, is  
16 residential air conditioning, that's it.

17 In 2006 PG&E was approved to do an air  
18 conditioning cycling program that included 400,000  
19 residential air conditioners, target reduction 345  
20 megawatts, more than Pio Pico.

21 We have about 600,000 homes in SDG&E territory  
22 with residential air conditioners. The same program  
23 applied in SDG&E territory would provide more load  
24 reduction than Pio Pico.

25 Another alternative is energy storage. One of

1 the exhibits that I submitted was AES Storage, the June  
2 2012 PowerPoint, where they specifically compared the cost  
3 effectiveness of utility scale battery storage to an LMS  
4 100 and found that when you include all of the attributes  
5 of the battery storage it was far more cost effective than  
6 the LMS 100s.

7 The State also -- the Governor has a 12,000  
8 megawatt target for local renewable energy. I was in that  
9 CEC hearing last May. The allocation, if it were done that  
10 way for SDG&E, would be about 1,000 megawatts of additional  
11 by 2020. SDG&E has 140 megawatts of rooftop solar. That  
12 means we would need to add about 900 megawatts between now  
13 and 2020. That hasn't happened.

14 Our load is flat. Our peak load has been flat  
15 for six years. This year would be, if we hold at 4,300  
16 megawatts, which is our peak so far, it would be less than  
17 any year since 2006. We've had no rise in peak load.

18 The other issue that's come up with this turbine  
19 is ramp rate. Well, that was exactly an issue in Chula  
20 Vista.

21 CHAIRPERSON WEISENMILLER: Your three minutes is  
22 up, could you please wrap up?

23 MR. POWERS: Yes. The wrap-up is the  
24 alternatives analysis is woefully deficient and it's  
25 inconsistent with the other State policies that the CEC,

1     itself, is promoting. Thank you.

2             CHAIRPERSON WEISENMILLER: Thank you.

3             Commissioners, any questions or comments?

4             COMMISSIONER PETERMAN: Commissioners, as lead  
5     Presiding Member on this case I'd like to make a few  
6     comments, as well as hear your questions and comments.

7             As you can see from the discussion so far, two of  
8     the PMPT areas that had a lot of discussion were the public  
9     health and the alternatives, and so let me just offer a few  
10    more comments.

11            I think we've said a lot about the public health  
12    already. And that I want to emphasize, though, just how  
13    the Energy Commission, when we look at public health and  
14    sensitive receptors, the level of the nature of that  
15    analysis.

16            The Commission's public health risk analysis uses  
17    extremely conservative health protective exposure and  
18    toxicity assumptions to evaluate potential of impact to the  
19    most sensitive individuals in this population.

20            So, we're talking about the elderly, and infants,  
21    and people with pre-existing medical conditions.

22            Furthermore, this analysis is based on the worst  
23    case assumptions. It uses the highest emissions factors,  
24    assumes the worse weather conditions, and calculates  
25    effects at the point of maximum impact so that any actual

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1 risk to sensitive receptors would be much lower than at  
2 any other location.

3 In this case the analysis determined that acute  
4 and chronic risk from project operating emissions fall  
5 below the significance level of 1.0 and that the cancer  
6 risk is below the significance level of 10 in one million.

7 Because of the location of this project and how  
8 close it is to a number of facilities from which folks can  
9 leave, we were sensitive to the issues of those in the  
10 prison's population, as well as from our neighbors in  
11 Mexico.

12 And I'm satisfied that staff did sufficient and  
13 even beyond the call-of-duty analysis on the impact to  
14 those receptors.

15 On the alternatives, as was noted, Mr. Simpson,  
16 and Mr. Powers and his comments raised a lot of concerns  
17 about the alternatives analysis.

18 We evaluate a range of alternatives and found no  
19 site alternatives would meet the project objectives or  
20 reduce environmental impacts.

21 I do appreciate Mr. Simpson's contention that a  
22 combination of rooftop solar and demand side management  
23 could meet the objectives of the project.

24 We found this alternative could simply not  
25 reliably replace the project's contribution of up to 300

1 megawatts of flexible, dispatchable, load-following  
2 generation in San Diego.

3           As you all are probably familiar, the Commission,  
4 through a number of its activities, promotes renewable  
5 energy, demand-side management, energy efficiency, and  
6 distributed generation. And to the extent that we can use  
7 those resources to meet the State demand, we will.

8           That being said, as well, the 300 megawatts of  
9 flexible capacity this project will bring is expected to be  
10 up and running in one to two years. It would take much  
11 longer for that amount of DG to be permitted and installed  
12 at individual sites around San Diego.

13           And, finally, comparisons have been made to the  
14 Chula Vista project. Although I was not involved with that  
15 one, I will say that these projects are different. They  
16 are different in terms of their size and the particulars of  
17 the situation, which is why we don't have these cases be  
18 precedential, albeit there's collective learning from all  
19 those experiences.

20           So, based on my assessment of the record, I'm  
21 supportive of approving this project.

22           COMMISSIONER DOUGLAS: Commissioners, I was the  
23 Associate Member on this committee. I appreciate  
24 Commissioner Peterman's presentation on this issue and I  
25 agree with all of it.

1           I think that between the hearings, and the  
2 formal process, and the work that each of us put in on the  
3 record and on going through the issues raised by the  
4 intervener I'm satisfied that this case is ready to move  
5 forward for Commission approval.

6           COMMISSIONER MC ALLISTER: So, I have just a few  
7 comments. You know, I think we have to acknowledge that  
8 we're in the SONGS influence area. San Diego does need  
9 resources that have those capabilities, you know, rapid  
10 ramping and dispatchability.

11           And, you know, the arguments that we need  
12 generation that can shore up renewables I think are real.

13           As lead on energy efficiency, which also includes  
14 demand response, I really have a fire under me right now to  
15 try to make those demand side resources ready for prime  
16 time.

17           And the automated demand response, you know,  
18 quickly deployable energy efficiency, and strategic  
19 distributed generation, renewable or otherwise, I think  
20 have to be part of our medium-term to long-term, ASAP,  
21 really, solution to maintain reliability and the robustness  
22 of our electricity grid.

23           So, I have to say that this plant -- so, I  
24 totally respect -- I mean these processes are onerous,  
25 there are lots of stakeholders involved, and there are a



1 lot of compelling reasons to move forward with this  
2 project.

3 And I do -- long-term, if we really are going to  
4 take our policy goals to their logical and final  
5 conclusion, I do get a little nervous when we're talking  
6 single cycle, when we're talking -- so, we are leaving some  
7 efficiency on the table, just sort of at the top level  
8 analysis here.

9 So, I am kind of wondering if the alternatives  
10 analysis did -- so, if you could describe the alternatives  
11 analysis in a little bit more depth to see, to describe,  
12 you know, why the combined cycle plant was not in the  
13 offering?

14 And I think the timing issue here really is the  
15 overriding concern. San Onofre is likely to be off next  
16 summer. We don't have much time. I'm actually interested  
17 in kind of hearing about the construction timeframe for  
18 this thing, and the status of your kind of negotiations, if  
19 there are any about that, with SDG&E.

20 Because if we're going to -- the value of this  
21 plant, actually, going to what I said before, I think the  
22 long-term play has to be on the demand side and more  
23 flexibility in sources that are cleaner.

24 I don't think we have much time for this  
25 transition and so I think that we'll really have to hold

1 ourselves to a higher standard going forward, whether it's  
2 traditional power plants or whether it's renewable power  
3 plants.

4           So, I would -- much of the value of this plant, I  
5 think, is going to be unlocked in the very near term, so  
6 the quicker it can come online, the better, presumably.

7           So, you know, I have mixed feelings about a  
8 single-cycle plant. Now, of the sites that such a plant  
9 could be sited at, this is an excellent site. It has some  
10 sensitive receptors around, but less than virtually any  
11 other site you can imagine. It's already disturbed land.  
12 It's right next to an existing power plant. It's got lots  
13 of sort of reasons why it's easier to mitigate than some of  
14 the more heavily populated and less disturbed places.

15           So, I think it's got a lot going for it, you  
16 know, the site was chosen well.

17           There are these longer-term issues that  
18 definitely concern me and I wanted to just voice those  
19 alongside the urgency that I also feel to solve the  
20 capacity problems down in Southern California related to  
21 SONGS and potentially otherwise as our electricity demand  
22 continues to grow.

23           So, I think Mr. Powers brings up a lot of good  
24 points and those -- he's been hammering on these points for  
25 a long times in a number of forums. And so I think, you

1 know, they are being heard in one way or another, but I  
2 think there are different ways and different pathways for  
3 the points that he's making, right. Some of them might  
4 take a more sort of operational than others, but the timing  
5 issue, again, is huge.

6 So, if I could get a little more background on  
7 the development of the project and why the choices were  
8 made for the particular technologies would be helpful for  
9 me.

10 COMMISSIONER PETERMAN: And I would say, as staff  
11 addresses Commissioner McAllister's question, it seems like  
12 the question is also appropriate for applicant to take a  
13 first stab at in terms of your technology choice and the  
14 rationale for it.

15 Chair Weisenmiller, do you have comments, first?

16 CHAIRPERSON WEISENMILLER: Yeah. No, good, I  
17 think this one is an LMN 100 so, basically, you have either  
18 very efficient peakers or very responsive combined cycles.  
19 They've gone with the more efficient peaker.

20 Go ahead and explain why?

21 COMMISSIONER MC ALLISTER: Well, I guess just  
22 the -- and so that's useful, yeah.

23 I guess, you know, when I'm looking at the  
24 description of the power plant and it could run up to 4,300  
25 hours, I think it was, and that's sort of not the

1 traditional definition, or at least it's not strictly a  
2 peaker, right, so just interested in how that process, that  
3 decision process played out.

4 MR. JENKINS: I'd be glad to address that. The  
5 LMS 100 technology was chosen and ultimately selected by  
6 SDG&E because of its rapid start-up response and also its  
7 capability of following load, thereby directly supporting  
8 renewable energy fall-offs and pick-ups, depending on  
9 weather conditions and so on, something that a combined  
10 cycle unit cannot simply do.

11 So, SDG&E was actually the party that chose  
12 peaking type technology over combined cycle for that very  
13 purpose. And we, as the applicant, merely responded and,  
14 thankfully, we were successful in being awarded a contract  
15 therein.

16 Shall I elaborate more?

17 COMMISSIONER MC ALLISTER: Well, it's good to  
18 know.

19 CHAIRPERSON WEISENMILLER: I was going to say can  
20 you at least walk through the efficiency of this plant  
21 relative to other peakers, along with the response times  
22 relative to combined cycles?

23 MR. JENKINS: Okay, I'll do my best.

24 First of all in terms of efficiency, the LMS 100  
25 is roughly, depending on ambient conditions, roughly ten

1 percent more efficient than the next class peaking  
2 facility.

3 And that's why sometimes people in the industry  
4 refer to the LMS 100 as not only a peaking, but also an  
5 intermediate class machine. Again, it's roughly ten  
6 percent more efficient, which is pretty significant in my  
7 view.

8 The other follow-up question, please remind me?

9 CHAIRPERSON WEISENMILLER: What is the start-up  
10 time?

11 MR. JENKINS: Oh, start-up times, we can reach  
12 compliance within -- in full load within ten minutes.

13 Compared to a cold -- and that's a cold iron  
14 condition.

15 CHAIRPERSON WEISENMILLER: Right.

16 MR. JENKINS: A typical combined cycle plant  
17 would take several hours from cold iron to reach compliance  
18 and then on up to full load, many, many hours, up to say  
19 eight hours.

20 COMMISSIONER PETERMAN: Staff, did you want to  
21 comment?

22 MR. BELL: Eric Solorio is here. Mr. Solorio is  
23 the project manager who prepared the alternatives section,  
24 and I can let him address that.

25 MR. SOLORIO: Yes, essentially, my alternatives

1 analysis agreed with what Mr. Jenkins described. And  
2 primarily using the approach described in CEQA, which is to  
3 start with the project's objectives.

4 Having the quick start capability, also up to a  
5 98 percent availability, as well, I did rule out the  
6 combined cycle because it simply would start as quickly as  
7 needed under the RFO.

8 COMMISSIONER MC ALLISTER: So, and that is  
9 even -- just to be clear, even the first stage of the  
10 combined cycle, so the turbines on the front end of the  
11 combined cycle can't be made to ramp as needed before a  
12 steam cycle gets warmed up and ready to go?

13 MR. JENKINS: I can speak to that. The  
14 combustion turbine part of a combined cycle has relatively  
15 fast ramping capabilities, but at a lower operating  
16 efficiency, roughly ten percent, so that was certainly a  
17 factor in SDG&E's solicitation for a peaking and,  
18 ultimately, us winning the LMS bid because of it's even  
19 added efficiency.

20 COMMISSIONER MC ALLISTER: So, if it were a pure  
21 peaker I think I would be more likely to kind of see that  
22 point as an overriding point, than if it's really going to  
23 be expected to operate significant hours. So right now,  
24 you know, it could be as high as 50 percent. Again, that  
25 does concern me.

1           CHAIRPERSON WEISENMILLER: Yeah. Although,  
2 again, I think if you look at the actual operation of  
3 plants in California, you know, even the combined cycles  
4 are typically under 50, and by the time you get to these --  
5 I know they're permitting worst case but, again, if you had  
6 the actual hours. You know, most peakers are more --  
7 you're talking about under 100, steam turbines more like  
8 400, so --

9           COMMISSIONER MC ALLISTER: Yeah, I know for sure.  
10 So, I guess I would ask sort of realistically what capacity  
11 profile or what generation profile do you think or what  
12 capacity factor do you really think it's going to be?

13          MR. JENKINS: You know, I wouldn't want to go on  
14 the record with speculating because we do not -- in all  
15 seriousness we do not, as the operators and owners,  
16 dispatch the units.

17          COMMISSIONER MC ALLISTER: Right.

18          MR. JENKINS: That would be a question, maybe, to  
19 CAISO, or perhaps SDG&E, and they would probably come back  
20 with the same response, there's just no way to predict.

21          Again, these machines will likely be used to  
22 fortify ups and downs from renewable sources and those are  
23 hard to predict.

24          COMMISSIONER MC ALLISTER: So, I guess really  
25 what I'm trying to get at here is that we -- you know, we

55

1 have exactly the same set of questions for demand side  
2 resources as well. You know, demand response and from the  
3 ISO's perspective, you know, we want to get to the point  
4 where demand response could be as reliable as generation.  
5 And, in fact, you could maybe get into the same market, and  
6 the ISO is a different -- and so it's going to take time to  
7 get there across agencies and that's really the origin of  
8 my temporal concern. I have no doubt that we have to get  
9 there on the demand side.

10 And so the urgency that I feel is to kind of  
11 avoid having to put up more power plants in the meantime to  
12 satisfy kind of the most conservative kind of approach.

13 SONGS has really forced our hand on this because  
14 really down in that part of the world we kind of need all  
15 of the above. But I don't want to, you know, necessarily,  
16 just by the fact that we've got to just --

17 CHAIRPERSON WEISENMILLER: Let me push you back.  
18 Because I think Mr. Powers said he testified before us in a  
19 workshop, and the question I asked him then was what  
20 happens at midnight?

21 You know, at midnight the gas turbine can fire up  
22 if we lose SWPL then. It can fire up if we lose a  
23 transmission line, it can fire up if SONGS goes out.  
24 Distributed gen cannot do that.

25 And at that point he also pointed out, rightly



1 so, that the solar thermal units also would not be able to  
2 cycle up at night. And, certainly, none of the renewables  
3 can cycle up, you know, they're already fully loaded. So,  
4 if you lose something, they're not a resource that can  
5 respond in a half-hour.

6           You know, let's face it, I mean I was a Special  
7 Master for the New York Bankruptcy Court on power market  
8 issues, so I understand this stuff pretty well, and  
9 certainly responsible for billions of investments in  
10 California, for all the major projects. Again, I  
11 understand this stuff well.

12           And I'm afraid a lot of this analysis is pretty  
13 simplistic. I mean you have to be able to deal -- the  
14 peakers really deal with contingencies. They're not  
15 necessarily dispatched every day, it's sort of what happens  
16 if you lose SONGS, and what happens if you lose Carlsbad?  
17 That's over 50 years old. What happens if you lose a  
18 transmission line?

19           What happens if it's at night? I mean rooftop  
20 solar reduces your load, but it cannot respond in that sort  
21 of situation.

22           Now, as you said, demand response, in theory,  
23 could. When we looked in San Diego for this summer, in  
24 terms of how much can respond in 30 minutes, the answer is  
25 zero. Under the current program zero. You know, nothing

1 under six hours, a lot the next day.

2 What we happen to know, the next day the wind,  
3 the wind is going to stop blowing, or when SONGS -- you  
4 now, when the thermal plant's going to trip off that can  
5 help you. But it cannot help you on an operational side.

6 So for that purpose, I mean this is exactly what  
7 you need.

8 Now, certainly, San Onofre's outage amplifies  
9 this although, frankly, San Onofre doesn't cycle at all. I  
10 mean it's not -- it's a different type of product and we  
11 would not build peakers to replace San Onofre, you know, at  
12 all. This is not -- it is total apples and oranges.

13 And in thinking back, I think we were both --  
14 well, at the ISO's symposium they showed loads, they netted  
15 out solar on peak, they netted out wind. You see  
16 phenomenal winds, you know, in the morning as the sun's  
17 coming up and the wind's going down. You see the  
18 phenomenal wind, you know, in the afternoon after the  
19 solar's netted out, you know, you see phenomenal wind when  
20 the sun sets.

21 So, you need something that can ramp up and down  
22 pretty fast. And these types of plants are those types of  
23 things. It's either this or storage, or demand response.  
24 And demand response, I'd love to get us there. I'm hoping  
25 you can help us with that. But right now the current stuff

1 is zero down there.

2 And storage is a great opportunity, but no one I  
3 know really thinks that we're ready for full scale rollout  
4 at this stage. We need a lot of innovation to drive the  
5 cost down to get storage into -- you know, we're really  
6 ignoring pump storage, which has been around for decades.

7 So, you know, I'm convinced we really need to  
8 move forward on this and we certainly have to move forward  
9 on similar plants as we just try to deal with how to keep a  
10 reliable system in California.

11 But at the same time let's try to build up the  
12 portfolio in the area of demand response and also in the  
13 area of storage.

14 And, certainly, energy efficiency, or DG, or  
15 other things that reduce load are good, but they're not  
16 providing these sort of services.

17 COMMISSIONER MC ALLISTER: Yeah, so just to  
18 respond. Absolutely, and my intention here is not to --  
19 you know, not to question Chair Weisenmiller's expertise in  
20 this area. I mean, you know, I've got quite a bit of  
21 utility experience and worked on many power plants in my  
22 career, but also lots of efficiency and lots of renewables.

23 And so, you know, I'm really feeling the policy  
24 imperatives we have to bring innovative resources. And  
25 this is an innovative resource. It's a very modern plant,

1 you know, it's very efficient.

2 So, I'm really sort of using this as a forum to  
3 have exactly this discussion because I feel like we, on  
4 siting cases particularly, the Commissioners don't have a  
5 lot of chances to sort of interact at this forum. So, you  
6 know, I feel like having this conversation happen in a  
7 public place is a good thing.

8 But no, absolutely, I feel like the ramping, the  
9 increases in ramping needs are pretty momentous, right,  
10 absolutely.

11 And I really just wanted to kind of dig in on  
12 this plant, this particular plant as a demonstration of the  
13 issues that we face.

14 CHAIRPERSON WEISENMILLER: No, that's very good.  
15 I would note for the record that in my prior career here I  
16 was responsible for taking out the Sun Desert Nuclear  
17 Plant, in conception LNG, and either two or four coal  
18 plants, so I understand what you can do in these types of  
19 things. But I just don't think that that type of -- we're  
20 not in that situation, now.

21 COMMISSIONER PETERMAN: And, Commissioner  
22 McAllister, I appreciate your questions and your comments,  
23 and that is why we all -- it's good to have Commissioners  
24 who are not as involved with the record on the case to  
25 raise some of these policy points.

1           I will say, through our evidentiary hearings,  
2   the majority of the time I would say was spent talking  
3   about alternatives. There were significant presentations,  
4   I would even say -- I'll have to say the committee provided  
5   more leeway for inclusion of information that we might have  
6   or are required to otherwise, simply because the points you  
7   raise are the exact questions that we are wrestling with.

8           And as you know, in our various hats we wear at  
9   the Commission, we're working on getting those other  
10   resources available. But in the meantime, we need to make  
11   sure we keep the lights on.

12           And so I appreciate your attention to the issue  
13   and all your questions are welcome.

14           COMMISSIONER MC ALLISTER: So, thanks very much,  
15   I'll lay off then.

16           But again, I know a lot of -- you know a lot of  
17   what I'm asking, but that's exactly -- kind of exactly the  
18   point, right. The open meetings rules kind of direct us in  
19   that; they put us in that space.

20           COMMISSIONER PETERMAN: Gives you a taste of the  
21   things you'll need to consider when you do your first case  
22   and do your alternatives.

23           COMMISSIONER MC ALLISTER: Yeah, exactly. Yeah,  
24   thanks.

25           MR. RENAUD: And I'll just echo Commissioner

1 Peterman's statement about the alternatives evidence at  
2 the evidentiary hearings, we really did spend most of the  
3 live testimony on alternatives and it was a pretty lively  
4 debate between well-qualified experts.

5 COMMISSIONER PETERMAN: Commissioners, any other  
6 comments, or any other comments from staff or applicant?

7 Chair Weisenmiller, any other public comment,  
8 concern, we've had a lively discussion here, don't want to  
9 deny that opportunity.

10 Well, if there are no other questions or comments  
11 I will move Item 4.

12 COMMISSIONER DOUGLAS: Second.

13 MR. RENAUD: And just for clarity of the record,  
14 the motion is to adopt the PMPD and the errata?

15 CHAIRPERSON WEISENMILLER: Right.

16 COMMISSIONER PETERMAN: And thank you for that.  
17 And also thank you for the good comments that helped us  
18 provide the errata, those are very useful from all parties.

19 Let me correct that and say I will move Item 4,  
20 including the errata.

21 COMMISSIONER DOUGLAS: Second.

22 CHAIRPERSON WEISENMILLER: All those in favor?

23 (Ayes)

24 CHAIRPERSON WEISENMILLER: Item 4 passes  
25 unanimously. Thank you.

1           Let's go to Item Number 5, which is Canyon Power  
2 Project, 07-AFC-9C. Dale Runquist.

3           COMMISSIONER PETERMAN: Let everyone settle in  
4 the room.

5           CHAIRPERSON WEISENMILLER: Please go forward.

6           MR. RUNQUIST: Okay, thank you. Good afternoon  
7 Commissioners, my name is Dale Runquist and I'm the  
8 Compliance Project Manager for the Canyon Power Project.

9           With me this afternoon is Kevin Bell, Senior  
10 Staff Counsel, and technical staff from Air Quality.

11           Also present are representatives from the Canyon  
12 Power Project.

13           The Canyon Power Project was certified by the  
14 Energy Commission on September 8<sup>th</sup>, 2010 and began operation  
15 in November of 2011. It's a 200-megawatt peaking power  
16 project located in the City of Anaheim, in Orange County,  
17 California.

18           On May 8<sup>th</sup>, 2012 Southern California Public Power  
19 Agency filed a petition with the California Energy  
20 Commission requesting to modify the Canyon Power Project.  
21 The proposed modification will increase the carbon monoxide  
22 or CO start-up limit and condition of certification AQ2  
23 from 6.3 pounds per hour to 11.6 pounds per hour.

24           The change is needed to allow the operation of  
25 the Canyon Power Project's turbine, in compliance with

1 applicable air quality regulations and permits and make  
2 AQ2 consistent with changes in the permit to operate issued  
3 by the South Coast Air Quality Management District.

4 The proposed CO start-up limit is consistent with  
5 other similar peaking projects recently permitted by the  
6 Energy Commission in the South Coast Air Quality Management  
7 District.

8 Further, the air basin is attainment for CO and  
9 this project did not and does not need to obtain CO  
10 offsets.

11 Therefore, the new permit level does not require  
12 offsets or cause project emissions impacts to come at all  
13 close to CO ambient air quality standards.

14 The notice of receipt was mailed to the Canyon  
15 Power Project, the post-certification mailing list,  
16 docketed and posted on the Energy Commission website on  
17 June 13<sup>th</sup>, 2012.

18 Staff's analysis of the petition was mailed to  
19 interested parties, docketed and posted to the web on July  
20 16<sup>th</sup>, 2012.

21 One comment was received on June 18<sup>th</sup>, 2012 from  
22 Christopher Walker, owner of the business across the street  
23 from the power plant. Mr. Walker was concerned about the  
24 increase in CO during the start-up of the turbines.

25 Staff assured Mr. Walker that the proposed



1 amendment is within the limits of the CO emissions at  
2 other newly licensed power plants and that he is welcome to  
3 participate in the upcoming business meeting.

4 Staff followed up with a phone call to Mr. Walker  
5 on August 21<sup>st</sup>, 2012 to make sure his concerns had been  
6 addressed. Mr. Walker was in conference, but the person  
7 that answered the phone said the City of Anaheim had been  
8 very attentive to them and had answered questions for them.  
9 She said if Mr. Walker had any questions, he would call  
10 back.

11 Well, Mr. Walker never called back, but Air  
12 Quality staff and myself had a conference call with him  
13 this morning and we wanted to just make sure that his  
14 concerns were still addressed.

15 He did raise some concerns about the CO limits,  
16 but we assured him that we would do everything possible to  
17 make sure that the limits were within the limits of the Air  
18 Quality Management District. And he said he'd be satisfied  
19 with that.

20 Energy Commission staff reviewed the petition and  
21 finds that it complies with the requirements of Title 20,  
22 section 1769(a) of the California Code of Regulations, and  
23 recommends approval of the project modification and  
24 associated revision to the Air Quality condition of  
25 certification AQ2, based upon staff's findings and subject

1 to the revised condition of certification.

2 Thank you.

3 CHAIRPERSON WEISENMILLER: Applicant?

4 MR. ROBLED0: Yes, good afternoon Commissioners.

5 My name is Manny Robledo, I'm the Electric Operation  
6 Manager for the City of Anaheim.

7 The City of Anaheim is the operator of the  
8 facility owned by Southern California Public Power  
9 Authority and all of the energy does go to the City of  
10 Anaheim, which is within the California ISO.

11 I'd like to thank the staff for their diligent  
12 efforts in preparing the staff assessment. And we do  
13 request that the Commission approve the petition to amend.

14 CHAIRPERSON WEISENMILLER: Is there any public  
15 comment?

16 Okay, Commissioners, any questions or comments?

17 COMMISSIONER DOUGLAS: Just a brief comment.

18 First, I want to thank staff for your diligence in  
19 following up with Mr. Walker and just ensuring that you  
20 were able to have a conversation with him, and that his  
21 concerns had been addressed.

22 And I'll note, you said this, but this change  
23 would still have the power plant, you know, at a carbon  
24 monoxide level that is consistent with the plants that  
25 we're permitting today, so it's well within the air quality

1 requirements that we impose on power plants.

2           So with that, I would recommend this for your  
3 support, but I'll see if there are any other questions or  
4 comments.

5           COMMISSIONER PETERMAN: I appreciate your  
6 comments, Commissioner Douglas, on this issue.

7           COMMISSIONER DOUGLAS: Right, so I will move Item  
8 5.

9           COMMISSIONER PETERMAN: And I'll second.

10          CHAIRPERSON WEISENMILLER: All those in favor?

11          (Ayes)

12          CHAIRPERSON WEISENMILLER: This item is adopted  
13 unanimously.

14          Let's go on to Clean Energy Business Financing  
15 Program. And this is possible approval of a resolution  
16 directing the Executive Director to provide written  
17 consent. And we have Jacob Orenberg.

18          MR. ORENBERG: Good afternoon Chairman and  
19 Commissioners. My name is Jacob Orenberg and I am the  
20 Project Manager for the loans under the Clean Energy  
21 Business Financing Program, otherwise known as the CEBFP.

22          The CEBFP provided low interest loans to  
23 California private sector manufacturers of renewable energy  
24 products. Borrowers under the CEBFP periodically need to  
25 obtain new or renewed lines of credit or bridge loans for

1 operating and other business expenses.

2 In addition, the companies may need to finance  
3 new operations by taking additional debt.

4 Additional debt also often requires new or  
5 modified creditor agreements. However, all CEBFP loans  
6 have a covenant requiring the borrower to obtain Energy  
7 Commission consent prior to incurring additional debt.

8 Currently, borrower requests to obtain additional  
9 debt are referred to the Energy Commission's financial  
10 advisors. The advisors evaluate the financial merit of  
11 each request, identify possible risks to the Energy  
12 Commission, and recommend whether or not the Energy  
13 Commission should approve the request.

14 If recommended, the request is scheduled to be  
15 heard at an Energy Commission Business meeting to seek  
16 consent. This is a time consuming and costly process, both  
17 for borrowers and the Energy Commission.

18 In addition, long approval times have the  
19 potential to negatively impact the day-to-day operations of  
20 manufacturers.

21 This agenda item seeks to delegate approval of  
22 both additional debt and loan modification requests to the  
23 Executive Director. Approval will be contingent upon the  
24 Energy Commission's financial advisors recommending  
25 approval in a formal memorandum.

1           Any request that increases the amount of the  
2   CEBFP loan changes the scope of the project or modifies the  
3   purpose of the agreement will still require approval at a  
4   public business meeting.

5           If approved, this change should shorten the  
6   amount of time required to obtain Energy Commission consent  
7   and reduce the risk of negatively impacting the day-to-day  
8   operations of the participating companies while maintaining  
9   loan safeguards.

10           I'm happy to answer any questions. Thank you.

11           CHAIRPERSON WEISENMILLER: Thank you.

12   Commissioners, any questions or comments?

13           COMMISSIONER DOUGLAS: Just a brief comment.

14   Commissioners, all of us probably remember well the effort  
15   that we had to go through to deal with this issue when it  
16   came up recently with a company that had a deadline that  
17   was well before our next business meeting, and so we  
18   continued a business meeting and we assembled as quickly as  
19   we could to hear the item. And that was an inconvenience  
20   for all concerned and it did not really add to or improve  
21   the process. The issue had been vetted very thoroughly  
22   internally.

23           And so I think that it's -- I think that this is  
24   an important step in order to ensure that we have the  
25   ability to move quickly, when needed, with our private

1 partners in the loan program.

2 I think it's very important that we maintain the  
3 same level of diligence, you know, working with the FDC,  
4 certainly, and also maintaining our own communications with  
5 companies and our own assessment of risk, and our own kind  
6 of internal checks and reviews on these items.

7 But I'm comfortable with moving forward as  
8 proposed here.

9 COMMISSIONER PETERMAN: I'll also just add on  
10 that. Even though approving this would allow the Executive  
11 Director to approve the taking on additional debt, I'd ask  
12 parties to the extent possible to please provide as much  
13 time as possible for that review.

14 I appreciate sometimes that circumstances don't  
15 permit that, but that the review is always going to be  
16 better if there's more time available.

17 And just being mindful that just as much as the  
18 last situation was challenging, timing-wise, for all  
19 parties, it will still be challenging going forward with  
20 the Executive Director's approval if the materials are not  
21 provided in a timely and comprehensive manner.

22 COMMISSIONER MC ALLISTER: I'll just agree with  
23 all that, that's been said. You know, it was definitely a  
24 big inconvenience last time and kind of didn't -- you know,  
25 it probably wasn't the highest and best use of a lot of our

1 time. And so I think, you know, as long as the diligence  
2 can happen and, you know, the process is not diluted and we  
3 get to a similar result and, you know, I think the  
4 Commissioners and staff still need to be kept in the loop  
5 on what's actually happening and, you know, Rob has been  
6 really good at doing that, so I'm comfortable having this  
7 process changed to allow that flexibility that we really  
8 need to have for our stakeholders.

9 CHAIRPERSON WEISENMILLER: Yeah, I'm just going  
10 to ask the Executive Director if, when this occurs, he can  
11 report at the next business meeting, you know, and that we  
12 can, as part of this process, understand -- you know, we  
13 have our current approach that we know what the pitfalls  
14 are. It's important, I think, to keep us and the public  
15 aware of these transactions going forward and that, again,  
16 we all look for any pitfalls that emerge in this practice.

17 COMMISSIONER DOUGLAS: So, for the record, that  
18 was a yes and with that I move approval of Item 6.

19 COMMISSIONER MC ALLISTER: I'll second.

20 CHAIRPERSON WEISENMILLER: Okay, all those in  
21 favor?

22 (Ayes)

23 CHAIRPERSON WEISENMILLER: Item 6 passed  
24 unanimously.

25 Let's go on to Item 7, New Solar Homes

1 Partnership Guidebook; Possible approval of proposed  
2 revisions to New Solar Homes Partnership Guidebook.

3 Le-Quyen Nguyen.

4 MS. NGUYEN: Good afternoon Chairman and  
5 Commissioners. My name is Le-Quyen Nguyen and I'm the  
6 Program Lead for the New Solar Homes Partnership Program.

7 With me I have Christa Salo from our legal  
8 office.

9 The New Solar Homes Partnership Program, also  
10 known as NSHP, began in January 2007, with the goal of  
11 installing 400 megawatts of solar by the end of the program  
12 in 2016.

13 The program is designed to offer incentives for  
14 builders and homeowners to install eligible solar systems  
15 on energy efficient new residential construction.

16 The first proposed provision to the NSHP  
17 Guidebook clarifies the information required of projects  
18 that are participating in their utility's virtual net  
19 metering tariff.

20 Under virtual net metering, a system owner can  
21 allocate the system, the kilowatt hours generated by the  
22 solar energy system to individually metered accounts on  
23 that property, such as the common area or tenant loads.

24 And the type of electric load that's offset by  
25 that solar energy system can determine the incentive rate



1     that's used to calculate that NSHP incentive.

2             So, to ensure that the correct amount is reserved  
3     for a project and later paid out upon project completion,  
4     staff is proposing that on the NSHP reservation application  
5     form the system generation allocation percentages for  
6     virtual net metering projects be provided, and that they  
7     later be verified by the program administrator at the  
8     payment process.

9             The second proposed revision improves the payment  
10    process. And currently applicants are required to submit a  
11    complete payment claim package on or prior to the  
12    reservation expiration date.

13            If a complete payment claim package is not  
14    submitted on or prior to that reservation expiration date  
15    then the applicant is asked to reapply, and they're subject  
16    to the guidebook requirements in effect, and incentive  
17    levels in effect at the time of their reapplication.

18            A complete payment claim package does include the  
19    utility interconnection approval letter, as well as  
20    relevant third-party field verification documentation. And  
21    those documents can only be completed and submitted once  
22    the utility has approved the interconnection of a system.

23            The time it takes the utility to approve the  
24    interconnection of a system can vary based on a variety of  
25    factors. And so to prevent the penalization of a customer

1 for the unexpected delays in the interconnection process,  
2 staff proposes that if a complete interconnection package  
3 is submitted to the utility interconnection department on  
4 or prior to the NSHP reservation expiration date, then the  
5 system interconnection and third party field verification  
6 documentation must be completed within 90 days of the NSHP  
7 reservation expiration date.

8           This change provides additional time for the  
9 utility to approve the interconnection, and for the  
10 interconnection letter, and third party field verification  
11 documentation to be submitted as part of the NSHP payment  
12 claim.

13           And at this time I respectfully request your  
14 approval of a resolution for the adoption of these proposed  
15 revisions to the New Solar Homes Partnership Guidebook.  
16 And I would happy to take any questions or comments you may  
17 have.

18           CHAIRPERSON WEISENMILLER: Thank you.  
19 Commissioners, any questions or comments?

20           COMMISSIONER PETERMAN: I'd just offer a comment,  
21 and I know we also have some public speakers that could  
22 probably also add an additional amount to this.

23           The proposed changes that staff are proposing  
24 today are meant to make the program run more efficiently,  
25 and get the money out sooner, immediately.

1           They're in response to a number of one-off  
2 issues that have been raised by different parties, which  
3 could only be addressed through a guidebook change.

4           In many ways, addressing these today is a  
5 function of our success because now that we have money in  
6 the program, and as applicants are now receiving their  
7 payments there have been issues that have arisen and these  
8 corrections are made to address them.

9           Over the course of this year, as we've looked for  
10 opportunities to continue to fund the New Solar Homes  
11 Partnership Program, stakeholders have provided a number of  
12 other suggestions and things we could address in the future  
13 guidebook. And, indeed, those are not being ignored.

14           In fact, staff is starting to do the work to  
15 prepare for a broader workshop on solar, on new homes,  
16 because we've learned that the business models have been  
17 changing over the last few years, and that there's a lot of  
18 interest by the builders. And so we're going to do a  
19 deeper dive into what's happening in this sector and use  
20 that information to improve the guidebook.

21           So, expect a longer guidebook revision process to  
22 come. But I appreciate staff's initiative to address these  
23 issues, now, and address the other issues in the next few  
24 months. So, thank you.

25           CHAIRPERSON WEISENMILLER: Okay. And let me ask,

1 we do have some public comments and let me get those, and  
2 then Commissioner Peterman, if you want to respond. But  
3 let's get the public, first.

4 Okay, so Valerie Winn.

5 MS. WINN: Good afternoon Commissioners, Valerie  
6 Winn for PG&E.

7 I just wanted to express PG&E's support for these  
8 changes because they are beneficial for our customers.  
9 Primarily, the one on interconnection will, you know, in  
10 those limited cases where things are taking a little bit  
11 longer customers will be able to be paid their incentives  
12 while the interconnection process is moving forward.

13 We are looking forward to getting the new forms  
14 and we're hopeful that they will help continue to  
15 streamline this process, so thank you very much.

16 CHAIRPERSON WEISENMILLER: Okay, thank you.

17 Bonnie Corwin, I believe is on the line.

18 MS. CORWIN: Yes, thank you. This is Bonnie  
19 Corwin, I'm with Cobalt Power Systems.

20 We've been caught in a situation, when the new  
21 handbook was released, where we feel there needs to be an  
22 additional accommodation. Historically, the New Solar  
23 Homes Program has provided a stop-clock option on a case-  
24 by-case basis, and we have supporting documentation on  
25 those cases where we have the clock stopped.

1           With the release of the new handbook, subsequent  
2 to this one they're proposing, we had a job that was  
3 granted a stop-the-clock and is now not being honored.

4           We could have advised the homeowner of the sense  
5 of urgency to meet the deadline, if it weren't for the fact  
6 that we felt safe as we were granted a stop-the-clock.

7           We have been told that we need to re-file at the  
8 lower incentive. This is unfair and unjust, there needs to  
9 be an accommodation for this kind of scenario in the  
10 handbook. So, that's about it.

11           CHAIRPERSON WEISENMILLER: Thank you. Let me ask  
12 Nina Rizzo.

13           MS. CORWIN: We are a solar installer company.

14           MS. RIZZO: Hello, this is Nina Rizzo with Sun,  
15 Light & Power. I'd like to thank Le-Quyen and the CEC,  
16 again, for the improvements in the guidebook related to  
17 interconnection and the forms to get information on the  
18 virtual net metering allocations up front. I think those  
19 are great improvements.

20           And my one question is could we please have an  
21 update on how much funding is still available for projects  
22 that do not yet have a reservation?

23           COMMISSIONER PETERMAN: Thank you for that  
24 question. Le-Quyen, would you like to answer that  
25 question?

1 MS. NGUYEN: Yes. So, we do have a processing  
2 list that's posted online on the Go Solar website. It's  
3 updated roughly twice a month.

4 And if we are to take into account all of the  
5 projects currently on that processing list, we have about  
6 \$10 million left over to process any additional  
7 applications or funding requests that we may receive.

8 COMMISSIONER PETERMAN: And I'll also add,  
9 Commissioners, as we roll down the RTF, PGC funding and  
10 seeing where remaining funds are, those will also be made  
11 available, to the extent possible, to the New Solar Homes  
12 Partnership Program.

13 So at this time I'm not concerned about the  
14 reservations not being able to be fulfilled.

15 I'll also just add a comment following up on Ms.  
16 Corwin's comment, pardon if I got that pronunciation  
17 incorrectly, and ask staff, number one, to just note the  
18 concern. And will say, just observe that a number of the  
19 questions and requests we've gotten related to the  
20 guidebook really are somewhat about tradeoffs between  
21 allowing the program and the funding to be as flexible as  
22 possible, and as fair as possible.

23 When we had to establish the wait list, staff has  
24 always tried to work with applicants to make sure they can  
25 get funding and make it available.

1           But as we established the wait list, which is  
2 first come, first served really had to respect the rules  
3 that we had in place and make sure that parties are meeting  
4 all their obligations.

5           I'm not familiar with the particular situation  
6 you've raised, but I will ask staff to follow up. But I  
7 just wanted to offer that general context-setting  
8 observation because oftentimes that is oftentimes the  
9 tradeoff that's being requested.

10           MS. CORWIN: Thank you very much.

11           COMMISSIONER PETERMAN: And also, thank you to  
12 Ms. Nguyen and Sun, Light & Power for raising their support  
13 and for bringing concerns to us. You all are closer to the  
14 ground with these projects than we are, and this is a  
15 living, continuously adapting document that's meant to  
16 address a number of these concerns.

17           And so, please advise as you move forward of any  
18 additional changes needed.

19           MS. RIZZO: Thank you.

20           COMMISSIONER MC ALLISTER: Yeah, so it's really  
21 great to see the reservation and the dialogue around the  
22 program design. And, really, just I'm completely  
23 supportive and onboard, and agree very much with just the  
24 fundamental importance of paying attention to the  
25 marketplace, listening to the stakeholders who are actually

1 out there doing projects, and streamlining as much as  
2 possible.

3 And I think oftentimes we kind of get scared, you  
4 know, that there are sort of downside risks, or we're going  
5 to lose some kind of control, or that there are  
6 informational problems that might come up if we streamline  
7 too much. And that's a balance that we always have to kind  
8 of strike between the public policy goals and actually  
9 supporting the marketplace.

10 And I think solar is a big success story in the  
11 State and I think the challenges, obviously, with new  
12 construction have been much, much greater than with the  
13 existing buildings. The market for existing buildings has  
14 taken off there in the housing market, we all know about  
15 that. So, I think NSHP has faced some real challenges in  
16 these periodic revisiting of, you know, listening to  
17 stakeholders and really revisiting what's needed, and how  
18 we might help the marketplace do the right thing and  
19 support -- you know, use the NSHP and other policy  
20 instruments to support the development of the marketplace.

21 It's just, you know, the way the process ought to  
22 work. And so I really commend Commissioner Peterman, and  
23 the team, and the staff for listening and making that  
24 happening.

25 I think, you know, in the existing buildings



1 where there was a lot more project flow because of just  
2 the way the economy was going, et cetera, I think the  
3 experience also has shown that when you listen, and work  
4 through, and really evaluate the complaints and the  
5 observations that you get from the marketplace the ones  
6 that are really important become clear and you can fix  
7 them. You can almost always fix them.

8 And so I think that dialogue is just  
9 fundamentally important for keeping us all going in the  
10 same direction. And I really commend the team here at the  
11 Commission, and all the stakeholders for being engaged in  
12 the process. So thanks.

13 COMMISSIONER PETERMAN: And I'll ask staff, as  
14 they plan this next workshop, to please consult  
15 Commissioner McAllister's calendar to make sure he can  
16 attend, because the New Solar Home Partnership Program does  
17 aim to achieve the objective or support the objective of  
18 zero net energy homes, which crosses both our renewables  
19 and energy efficiency spaces, as well as your professional  
20 background involved with these programs and these projects  
21 on the ground.

22 COMMISSIONER MC ALLISTER: Yeah, so I have  
23 written down a point here about Title 24 updates. But, you  
24 know, we only have two Title 24 code cycles before we have  
25 to be at zero net energy residential by 2020. And moving

1 solar into new construction, more fundamentally, I think  
2 is a really key part of how we're going to reach our goals  
3 on Title 24.

4 So, really, and I think that's been the plan all  
5 along at the Commission. The long-term strategy has been  
6 to use these programs to develop the marketplace so that  
7 when we really have to go scale that all the conditions are  
8 present such as the market can actually do that.

9 And so I think this is a -- you know, there's  
10 always hiccups in the first few years of a program, there's  
11 almost no program that doesn't see that. And working it  
12 out with the stakeholders is the way to get where we need  
13 to do.

14 And I think the NSHP team is doing a great job  
15 with that. So, I'm really, really -- I think this  
16 integration of efficiency, and DG, you know, we're  
17 talking -- you know, it's all increasingly related. And so  
18 in a way it's daunting because you sort of have to have --  
19 when you're doing siting, you have to have the demand side  
20 conservation. When you're doing -- you know, it's  
21 always -- technology is enabling all of this and it's very  
22 exciting in a lot of ways, but it's also daunting.

23 And so I think all of us, you know, will -- I  
24 mean it's really nice to have this Commission where we  
25 bring the right skills to the table, and we're diverse

1 enough to kind of get -- to have a good dialogue about  
2 these things. So, thanks again.

3 COMMISSIONER PETERMAN: So, if there are no other  
4 comments, thank you again to staff and our legal department  
5 for their work on this issue, and I will move Item Number  
6 7.

7 COMMISSIONER MC ALLISTER: I'll second.

8 CHAIRPERSON WEISENMILLER: All those in favor?

9 (Ayes)

10 CHAIRPERSON WEISENMILLER: This item passes  
11 unanimously.

12 MS. NGUYEN: Thank you.

13 CHAIRPERSON WEISENMILLER: Thank you.

14 Let's go on to Number 8, Business Advantage  
15 Consulting, Inc.; possible approval of purchase order  
16 12409.00-002, for \$183,480 to Business Advantage  
17 Consulting.

18 And James Haile. This is ERPA funding.

19 MR. HAILE: Good afternoon Commissioners, my name  
20 is -- oh, all right.

21 Good afternoon Commissioners, my name is James  
22 Haile, I'm an energy analyst with the Renewable Energy  
23 Office.

24 Recent legislation, especially SBX12, have new  
25 data collection and analysis requirements for RPS

1 verification and certification that are beyond the  
2 limitations of the Renewable Energy Office's current data  
3 management systems.

4 REO staff has been working with ITSB to develop a  
5 new data management system to overcome these limitations.  
6 The next step in this process is to conduct a feasibility  
7 study and develop a technology procurement plan.

8 REO staff released a request for offers to CMAS  
9 consultant firms to do this study and develop the plan.

10 After much and very careful consideration, we  
11 selected Business Advantage Consulting, as they had the  
12 most experience conducting such feasibility studies.

13 With your approval of their proposal, they will  
14 work with REO and ITSB staff to complete the study and  
15 develop the plan before the end of this year, at a cost of  
16 \$183,480, which is under the original staff estimate of  
17 \$200,000.

18 We ask for your approval today so we may quickly  
19 get to work on this issue, which is of great importance to  
20 the RPS program.

21 And I can answer any questions that you may have  
22 or if you have any questions for Business Advantage  
23 Consulting, they do have a representative here, Mark  
24 Hensley.

25 COMMISSIONER PETERMAN: Thank you, James. Would

1 anyone from Business Advantage Consulting like to speak;  
2 otherwise I'll provide some comments. Okay. Pardon? Or  
3 both.

4 Well, thank you for being here with us today. As  
5 Lead Commissioner on renewables, this is a very -- the  
6 first step in a very important project for the Commission  
7 and the State.

8 One of the consequences of having passed our new  
9 RPS legislation last year, and expanding it to include more  
10 utilities, as well as raising the target, is that we will  
11 have a lot more data to track. And it is important that we  
12 do this in an efficient manner, that we will be able to  
13 verify it.

14 And this is the first step, doing this  
15 feasibility plan for developing that database.

16 Of course, as with anything, I'd like to have it  
17 tomorrow. But I appreciate there are a number of careful  
18 steps that need to be taken.

19 That being said, James, I appreciate your comment  
20 about moving forward as quickly as possible. We look  
21 forward to you doing that and thank you in advance for that  
22 work.

23 And, Commissioners, I am supportive of approving  
24 this expenditure.

25 CHAIRPERSON WEISENMILLER: Any other comments or

1 questions?

2 COMMISSIONER PETERMAN: With that, I will move  
3 Item 8.

4 COMMISSIONER MC ALLISTER: And I'll second.

5 CHAIRPERSON WEISENMILLER: All those in favor?

6 (Ayes)

7 CHAIRPERSON WEISENMILLER: Item 8 passes  
8 unanimously. Thanks James.

9 MR. HAILE: Thank you.

10 CHAIRPERSON WEISENMILLER: Let's go on to 9,  
11 Alternative Renewable Fuel Vehicle Buy-Down Incentives;  
12 possible approval for a total of \$78,000.

13 And this is Andre Freeman, and this is ARFVT  
14 funding.

15 MR. FREEMAN: Good afternoon Commissioners, my  
16 name is Andre Freeman. I'm part of the Fuels and  
17 Transportation Division's Emerging Fuels and Technologies  
18 Office.

19 There is one change for this item. Rather than  
20 being for 13 vehicles for \$78,000, it will be for 11  
21 vehicles at \$66,000.

22 As you know, the Natural Gas and Propane Vehicle  
23 Buy-Down Program is designed to promote the purchase of  
24 clean, alternative-fueled vehicles to replace the aging  
25 gasoline and diesel fleets.

1           This program provides incentives for consumers  
2 to adopt these new technologies, which provide both  
3 environmental and economic benefits to the State of  
4 California.

5           Including the reservations pending your approval  
6 today, the 2012 Buy-Down Program will have supported the  
7 purchase of over 600 natural gas vehicles and 100 propane  
8 vehicles.

9           I would note, recently we have received feedback  
10 from several propane dealerships involved with the Buy-Down  
11 Program, on giving us recommendations on ways to expedite  
12 the process for both getting the reservations out to those  
13 dealerships, as well as processing the paperwork and  
14 getting the checks cut to the dealerships to recoup their  
15 funds.

16           We've summarized these and presented them to  
17 Commissioner Peterman and a recent Lead Commissioner  
18 meeting for the Fuels and Transportation Division, and  
19 we'll also be addressing investments in propane, and  
20 investments in rural area of fuels and transportation  
21 technologies at our upcoming September 19<sup>th</sup> advisory  
22 committee meeting.

23           I'm available for any questions you may have,  
24 thank you.

25           CHAIRPERSON WEISENMILLER: Thank you.

1 Commissioners, any questions or comments?

2 COMMISSIONER PETERMAN: I'll just comment that  
3 this is just one of the many successful elements of the  
4 AB118 program and these incentives are resulting in more  
5 alternative fuel vehicles out there in the market.

6 And we look forward to, at some point, not even  
7 needing to provide subsidies because as we see these fuel  
8 costs coming down sooner, than later, I think these  
9 technologies will be cost effective.

10 And so thank you for the division's work on this  
11 and I'm supportive of approving this item.

12 CHAIRPERSON WEISENMILLER: Any other questions or  
13 comments?

14 COMMISSIONER PETERMAN: If there are no other  
15 comments or questions, I move Item Number 9.

16 COMMISSIONER DOUGLAS: Second.

17 CHAIRPERSON WEISENMILLER: All those in favor?

18 (Ayes)

19 CHAIRPERSON WEISENMILLER: Item Number 9 passed  
20 unanimously.

21 MR. FREEMAN: Thank you.

22 CHAIRPERSON WEISENMILLER: Thank you.

23 Let's go on to Item Number 10, Southern  
24 California Gas Company; possible approval of agreement ARV-  
25 12-004, for a grant of \$216,000 to Southern California Gas



1 Company. This is ARFVT funding. And this is Isaiah  
2 Larsen.

3 MR. LARSEN: Good afternoon Chairman and  
4 Commissioners. My name is Isaiah Larsen, with the Emerging  
5 Fuels and Technology Office.

6 Staff requests your approval for ARV-12-004,  
7 which is a \$216,000 grant agreement with Southern  
8 California Gas Company, using funding from the Alternative  
9 and Renewable Fuel and Technology Program, under AB118.

10 This project involves the design, construction,  
11 and operation of a public CNG fueling station at the gas  
12 company's existing Lancaster field office, located in  
13 Northern Los Angeles County.

14 The type CNG station will have both publicly  
15 accessible and dedicated fleet components separated by a  
16 facility gate. The fleet and public portions of the  
17 station will be independently capable of dispensing CNG at  
18 a rate of 5 gasoline gallon equivalents per minute.

19 The public dispensing for this will have a  
20 universal card reader for convenient credit card  
21 transactions.

22 It is predicted that the Lancaster CNG station  
23 will displace over 147,000 gallons of gasoline between 2013  
24 and 2015.

25 The GHG reductions for 2013 are estimated to be

1 nearly 76 tons of CO2, increasing to over 186 tons of CO2  
2 per year by 2015.

3 In terms of criteria pollutants, a NOx reduction  
4 of over 1.4 tons per year and a particulate matter  
5 reduction of 152 pounds per year by 2015 are expected.

6 The proposed station will provide a long-term CNG  
7 fueling commitment to the region along the Route 14  
8 corridor in the Mojave Desert.

9 The Lancaster CNG station is part of a larger So  
10 Cal Gas undertaking to strategically expand CNG service  
11 throughout Southern California, including construction or  
12 expansion of seven other stations, and the commitment to  
13 purchase 1,000 dedicated CNG vehicles companywide over the  
14 next several years.

15 I respectfully ask for your approval of this  
16 grant agreement and would be glad to answer any questions.  
17 Thank you.

18 CHAIRPERSON WEISENMILLER: Thank you. Any  
19 questions or comments from any of the Commissioners?

20 COMMISSIONER PETERMAN: Commissioners, I'll just  
21 focus on one of the words in Mr. Larsen's presentation,  
22 which is "public" and what -- why I'm supportive of this  
23 project is that it does provide public fueling  
24 infrastructure. It's one of the many ways in which the  
25 Commission is trying to provide public infrastructure for a

1 variety of alternative fuels.

2 And I appreciate that it's also part of a larger  
3 plan by one of the State's utilities to expand fueling  
4 options and so I'm supportive of the initiative.

5 COMMISSIONER MC ALLISTER: So, I just wanted to  
6 say I'm also very supportive of this. And I think I'm  
7 really interested in knowing what the public use of the  
8 station actually is. It would be great if that could be  
9 tracked sort of formally, and I think maybe you already  
10 have plans to do that, which is great.

11 Because, you know, CNG vehicles have a clear  
12 place in the marketplace and it's going to be good to see  
13 sort of how that pans out, and so we can have good  
14 information in the future, or good decision making in  
15 channeling resources when they appear.

16 So, thanks for all the hard work on this, good  
17 stuff.

18 COMMISSIONER PETERMAN: So, Commissioners, if  
19 there are no other comments on this item, I will move Item  
20 10.

21 COMMISSIONER DOUGLAS: Second.

22 CHAIRPERSON WEISENMILLER: All those in favor?

23 (Ayes)

24 CHAIRPERSON WEISENMILLER: This item passed  
25 unanimously. Thank you.

1           Let's look at Item Number 11, which is CR&R,  
2 Inc.; possibly approval of agreement ARV-12-005 for a grant  
3 of \$300,000 to CR&R, Inc. to construct and operate slow-  
4 fill CNG refueling stations. This is also ARFVT funding,  
5 and also Isaiah Larsen.

6           MR. LARSEN: Good afternoon, again,  
7 Commissioners. Staff requests your approval for ARV-12-  
8 005, which is a \$300,000 grant agreement with CR&R,  
9 Incorporated, a waste and recycling services company, using  
10 funding from the Alternative and Renewable Fuel and Vehicle  
11 Technology Program, under AB118.

12           This project involves the design, construction  
13 and operation of a private CNG refueling station at CR&R's  
14 material recovery and transfer station in the City of  
15 Paris, located in Riverside County.

16           It will be co-located with a digester biomethane  
17 production facility, which is scheduled to be completed by  
18 the beginning of 2015, and which is partially funded  
19 through an AB118 grant.

20           CR&R has obtained a contract with So Cal Gas to  
21 provide pipeline quality natural gas to the refueling  
22 station until the renewable biomethane facility is  
23 operational.

24           The slow-fill type CNG station will be accessible  
25 to fleet vehicles and capable of fueling up to 50 trucks

1 simultaneously, with 40 diesel gallon equivalents over a  
2 9-hour period overnight.

3           Currently, CR&R has 18 solid waste collection  
4 trucks and seven street sweepers, in its Paris fleet, that  
5 run on CNG, and plans to convert an additional 100 diesel  
6 vehicles to CNG by 2020.

7           It is projected that the Paris CNG station will  
8 displace over 1.9 million gallons of diesel between 2013  
9 and 2015. The GHG reductions over the same period are  
10 estimated to be nearly 11,000 tons of CO2.

11           In terms of criteria pollutants, a NOx reduction  
12 of over 60 tons per year and a particulate matter reduction  
13 of 1.2 tons per year by 2015 are expected.

14           I respectfully ask for your approval of this  
15 grant agreement and would be glad to answer any questions.  
16 Thank you.

17           CHAIRPERSON WEISENMILLER: Thank you.  
18 Commissioners, any questions or comments?

19           COMMISSIONER PETERMAN: Commissioners, I'll note  
20 that what I think is particularly worth highlighting about  
21 this project is its plans to use and to use increasingly  
22 renewable natural gas. And, indeed, you know, that is the  
23 direction the Commission would like to see these facilities  
24 going.

25           And also, as Mr. Larsen noted, this will meet a

1 number of fleet needs, you know, street sweepers for  
2 example.

3 And, you know, hearing about -- having issues  
4 like this brought before me remind me of the diversity of  
5 vehicles we have. We often think about the cars that we  
6 drive, but there are a tremendous amount of different  
7 vehicles, with different uses, that all need to be  
8 converting to alternative fuels. And so I appreciate the  
9 efforts we're doing in this space to meet some of those  
10 fleet needs.

11 I got a thumbs up from Commissioner McAllister,  
12 so I think we are good to go if there's no other  
13 Commissioner comment? If not, I will move Item 11.

14 COMMISSIONER DOUGLAS: Second.

15 CHAIRPERSON WEISENMILLER: All those in favor?

16 (Ayes)

17 CHAIRPERSON WEISENMILLER: Item 11 passes  
18 unanimously. Thanks again.

19 Let's go to Item Number 12, Scott Valley Unified  
20 School District; possible approval of agreement 001-12-ECF  
21 for a \$380,000 loan. And this is ECAA funding.

22 And Elizabeth Shirakh.

23 MS. SHIRAKH: Yes, good afternoon Commissioners.  
24 My name is Elizabeth Shirakh, I work with the Special  
25 Projects Office in the Fuels and Transportation Division.

1           And today for your consideration is a \$380,000  
2   loan to Scott Valley Unified School District, located in  
3   Fort Jones, in Siskiyou County, California.

4           The loan projects include the replacement of  
5   older interior lighting with new energy-efficient lighting  
6   and controls, and the installation of a new photovoltaic  
7   system.

8           The energy projects are planned for school sites  
9   in the district, at Etna High School, Etna Elementary  
10   School, Scott Valley Junior High School, and Ft. Jones  
11   Elementary School.

12           First, the lighting projects include mostly  
13   replacing old T-12 florescent lamps and magnetic ballasts  
14   with new energy-efficient T-8s and electronic ballasts.

15           Also included in the lighting retrofit projects  
16   are the replacement of incandescent lamps to compact  
17   fluorescents and the installation of occupancy sensors to  
18   control lighting in classrooms that are not in use.

19           The second project is the installation of four  
20   photovoltaic systems at four school sites. The sites vary  
21   in size from 14 KW to 87 KW, with the four school sites  
22   totaling 180 KW.

23           The PV system will be constructed in ground-  
24   mounted arrays.

25           The total project cost for the recommended energy

1 project package is estimated to be \$1,236,273. In  
2 addition to the Energy Commission loan, the project will be  
3 financing by \$300,000 in rebates from Pacific Power, and a  
4 municipal lease totaling \$556,269.

5 The combined projects are estimated to save  
6 \$345,615 KWH of electricity annually, totally energy cost  
7 savings of \$36,602 every year.

8 The simple pay back based on the loan amount is  
9 10.38 years.

10 These energy projects are expected to reduce  
11 annual carbon dioxide emissions by over 119 tons.

12 The funding for this loan will come from the  
13 Energy Conservation Assistance Act, ECAA, and the interest  
14 rate will be three percent.

15 This concludes my presentation and I'd be happy  
16 to answer any questions.

17 CHAIRPERSON WEISENMILLER: Thank you.  
18 Commissioners, any questions or comments?

19 COMMISSIONER DOUGLAS: No, it sounds like a  
20 really valuable project. Did you have a comment?

21 COMMISSIONER MC ALLISTER: Oh, yeah, no, just  
22 saying, you know, these sorts of projects in schools are a  
23 slam dunk, generally. And this one, in particular, I think  
24 is a really good mix of technologies. Lighting is so  
25 important for our school environments, and it's also where



1 we have the most savings potential in many or most cases.  
2 So, I think it's just a great infrastructure investment  
3 that is good all around. So, thanks.

4 COMMISSIONER DOUGLAS: Great. So, I'll move  
5 approval of Item 12.

6 COMMISSIONER MC ALLISTER: Second.

7 CHAIRPERSON WEISENMILLER: All those in favor?

8 (Ayes)

9 CHAIRPERSON WEISENMILLER: Item 12 passed  
10 unanimously.

11 COMMISSIONER PETERMAN: Chairman, before we --  
12 thank you.

13 Before we hear the next item, I see we have a  
14 representative in the audience from San Diego Gas &  
15 Electric, and I was wondering if you would like to comment  
16 on Item 10, which was the approval of an agreement for a  
17 grant to So Cal Gas Company to design, construct, and  
18 operate a compressed natural gas fueling station?

19 Thank you, Ms. Raspberry, please come to the mic.

20 MS. RASBERRY: Thank you. I was listening in my  
21 office and I thought I would make it here in time for the  
22 item, so I apologize that I missed it. But I'm actually  
23 here for the next item, too.

24 But I hope that it was approved and --

25 COMMISSIONER PETERMAN: It was.

1 MS. RASBERRY: Okay, great.

2 COMMISSIONER PETERMAN: It would be awkward if it  
3 wasn't, I guess, right.

4 MS. RASBERRY: Right. Thank you. Well, CNG and  
5 the availability of on-site fuel is an important tenet for  
6 Southern California Gas Company and a large part of their  
7 business operations, and so we are happy to receive the  
8 funds and supply the matching grants.

9 And the team -- I don't know if Ed Hardy was on  
10 the call -- okay -- when this item came up, but this is a  
11 very important project to the company and we're glad that  
12 the Commission sees the importance of that in our business  
13 construction. Thank you.

14 COMMISSIONER PETERMAN: Thank you. Mr. Larsen,  
15 in his presentation of the item, did note that this fits  
16 into a larger effort of So Cal Gas to expand  
17 infrastructure, CNG infrastructure in the southern part of  
18 the State, which we appreciate, and also appreciate your  
19 comments.

20 Now, I'll note we have in our meetings, often,  
21 the representatives from the regulatory affairs folks from  
22 the different utilities, and we really appreciate your  
23 presence here, as well as your comments on especially  
24 initiatives that we're doing in coordination.

25 And so, I'll see Ms. Nguyen, and Mr. Tutt, and

1 Ms. Raspberry, and I won't call on Manny, he's usually  
2 here. But I guess I just did. So, thanks for having your  
3 attendance and your comments.

4 CHAIRPERSON WEISENMILLER: So, we're ready for  
5 13, which is an information item. It's a presentation of  
6 the 2012 Bioenergy Action Plan. Gary O'Neill, please.

7 MR. O'NEILL: Hi, I want to thank everybody for  
8 allowing me the opportunity to present this. Good  
9 afternoon Commissioners.

10 This will be a brief overview of California's  
11 Bioenergy Action Plan.

12 The policy drivers for the Bioenergy Action Plan  
13 and bioenergy in general are led mostly by California's RPS  
14 and California's low carbon fuel standard.

15 We have very aggressive goals for renewable  
16 energy in California and also for low carbon fuels, of  
17 which -- for low carbon biofuels. At least, in the near  
18 term, bioenergy will be a major part of that for renewable  
19 energy and will play a much smaller role, but also an  
20 important role.

21 As part of our greenhouse gas reduction and  
22 climate change adaption forestry biomass, in particular,  
23 and dairy biomass will also play an important role, helping  
24 reduce some of the impacts from climate change on our  
25 forests, and also to reduce some of the methane emissions

1 from dairies, and landfills, and wastewater treatment  
2 plants.

3 We also have aggressive diversion goals for  
4 landfills, up to 75 percent by 2020 is the new State goal.  
5 And 60 percent of the material landfill each year are  
6 actually biomass organics.

7 So, the Bioenergy Interagency Working Group are  
8 comprised of various State agencies, including the Air  
9 Resources Board, the Energy Commission, Environmental  
10 Protection Agency, Department of Food and Agriculture,  
11 Department of Forestry and Fire Protection, the Department  
12 of General Services, the Public Utilities Commission, Cal-  
13 Recycle, and also the Water Resources Control Board.

14 The California Biomass Collaborative also plays a  
15 very important role in our working group, providing  
16 detailed information on technical issues, and academic  
17 issues, and upcoming research.

18 So, the status of bioenergy in California; this  
19 slide is as of 2010. Some things may have changed in the  
20 last year, but as of 2010 there were 33 existing solid fuel  
21 biomass facilities operating, representing roughly 600  
22 megawatts of capacity. They generated nearly three  
23 terawatt hours per year.

24 There were also 11 dairy digesters built, most  
25 are operational. There are also a number of dairy

1     digesters that were not operational in California.

2             There are roughly 500 megawatts from wastewater  
3     treatment plans and landfills throughout the State and  
4     somewhere between 50 and 100 million gallons of ethanol and  
5     biodiesel were produced.

6             So, with all of that production of bioenergy in  
7     California we are currently only using roughly 15 percent  
8     of the technical potential for biomass in California.

9             The Biomass Collaborative estimates that there is  
10    36 million bone dry tons of biomass from urban, agriculture  
11    and forestry sectors that still could be tapped. This  
12    could generate up to 32 terawatt hours per year or one  
13    billion gallons of biofuels.

14            There will be competing interests, so not  
15    necessarily all of this technical potential can be  
16    accessed, and the economics of accessing some of this  
17    biomass may not be feasible.

18            So, following up on Governor Schwarzenegger's  
19    2006 Executive Order, setting some pretty aggressive goals  
20    for biomass, the first Bioenergy Action Plan was drafted  
21    and released by the Bioenergy Interagency Working Group.

22            This first plan contained over 50 actions and  
23    they were designed to address some of the challenges that  
24    were identified at the time.

25            The major accomplishments from this plan was the

1 adoption of California's low carbon fuel standard and the  
2 development of two programmatic EIRs for digesters  
3 throughout the State; one for dairy digesters in the  
4 Central Valley and another for general waste digesters  
5 throughout the State.

6 In 2009 we had a progress report on the plan,  
7 which showed that despite implementing most of the actions  
8 in the plan, the progress was still slow and the existing  
9 facilities were shutting down.

10 And there was a recommendation in that progress  
11 report that the 2006 plan be updated to address the current  
12 challenges facing the industry and to update the actions to  
13 be more relevant and in line with the current policy  
14 objectives.

15 This recommendation was adopted by or brought  
16 into the 2009 IEPR that was adopted by the Energy  
17 Commission.

18 So, when 2010 staff started a public process to  
19 develop the 2011 Bioenergy Action Plan, the public process  
20 included two stakeholder workshops. And through these  
21 workshops staff identified numerous challenges facing  
22 bioenergy.

23 Some of those challenges are very similar to  
24 other energy production facilities, such as siting  
25 challenges, local permitting issues, but there are also

1 very unique challenges specific to bioenergy as far as  
2 renewables are concerned, such as the cost of collecting  
3 and delivering feedstock to the facility, and emission  
4 controls that need to be on the facilities.

5           The plan was adopted by the Energy Commission --  
6 after identifying those challenges and barriers to  
7 bioenergy development, Energy Commission staff worked with  
8 stakeholders to develop the strategies, and goals, and  
9 actions to advance bioenergy facilities in California.

10           The plan, the 2011 plan was adopted by the Energy  
11 Commission in March of 2011. Because the 2011 plan was  
12 developed primarily in 2010, during a time when the  
13 Administration was transitioning over, some of the agencies  
14 were not able to commit to aggressive new actions for the  
15 2011 plan.

16           So, there was a recommendation from the working  
17 group's chair that we reassess the 2011 plan, kind of  
18 update it to reflect the new Administration's policy goals  
19 and include some stronger actions, more aggressive actions  
20 for bioenergy.

21           So, I'm going to briefly go over a summary of the  
22 challenges we identified in the 2011 plan. We didn't do  
23 more workshops to reassess these challenges, since there  
24 was only a year difference between. And these are a very  
25 high level, I just want to look at mostly what we are

1 addressing is sustainability of feedstock sourcing, some  
2 of the regulatory issues, and utility interconnection  
3 issues.

4 Financing and economics were not addressed by the  
5 2011 plan, but there are some actions in the 2012 plan that  
6 will be addressing some of the economics and financing for  
7 biomass.

8 Statutory and regulatory; there are a lot of --  
9 there were a lot of issues that were identified in the 2011  
10 plan that have since, we hope, been addressed in current  
11 legislation that was recently passed, and also there is  
12 some work being done by CDFA through an internal working  
13 group that brings in stakeholders and other parties to the  
14 table, and they're working to kind of address some of the  
15 regulatory challenges that were identified.

16 There's also a need for additional research and  
17 development. There are technologies that are on the cusp  
18 of being commercialized in California, but there is need to  
19 bring down the cost of these technologies.

20 And there's also a need to demonstrate some  
21 ultra-low generation technologies or ultra-low cost  
22 emission control equipment, specifically in South Coast Air  
23 District and San Joaquin Valley.

24 So, the 2012 Bioenergy Action Plan set  
25 California's long-term objective to creating a competitive



1 bioenergy market in California, including biopower,  
2 biofuels and biogas.

3 Through this -- so this objective will be  
4 addressed through actions to increase the environmentally  
5 and economic sustainability of bioenergy production from  
6 biomass waste, encouraging development and deployment of  
7 bioenergy technologies, including complying heat and power,  
8 local energy production, DG sources, renewable natural gas,  
9 and renewable transportation fuels.

10 Bioenergy is well positioned to create green jobs  
11 in remote urban areas throughout the State and also  
12 provides an opportunity to reduce the fire danger, improve  
13 air quality, particularly around dairies, and reduce waste  
14 being sent to landfills.

15 So, kind of an overview of the actions in the  
16 action plan, the topic areas. There are over 50 actions in  
17 the 2012 Bioenergy Action Plan so I won't go into any  
18 specifics here.

19 But the actions in the action plan focus on  
20 research and development, and demonstration of bioenergy  
21 technologies and applications to assess their technology  
22 costs, and benefits and impacts.

23 And hope to get out information to bring down  
24 technology costs and bring more advanced technologies to  
25 market, develop and make accessible information about the

1 availability of biomass feedstocks throughout the State.

2 California has a general policy that bioenergy  
3 facilities will utilize waste-based feedstocks for the most  
4 part.

5 Streamlining and consolidating permitting of  
6 bioenergy facilities. A lot of this work is undergoing  
7 right now. There is still some other work that needs to be  
8 done on the local level, work with the local permitting  
9 agencies to -- and to also reconcile any conflicting  
10 regulatory requirements on the State level.

11 There is a need to assess and monetize the  
12 economic, and energy, and safety, environmental and other  
13 benefits of bioenergy.

14 Monetizing these benefits, putting a dollar  
15 amount on these benefits can help some of these facilities,  
16 provide some of these facilities with an additional revenue  
17 stream, help keep some of these facilities operational,  
18 make them more profitable.

19 And then facilitate access to transmission  
20 pipelines and other distribution networks. So, a lot of  
21 these facilities are located in remote areas throughout the  
22 State, don't necessarily have easy access to transmission,  
23 the natural gas pipeline systems, making their projects  
24 less feasible and more expensive.

25 So, the action plan will be implemented through

1 coordinating our actions with various State agencies. So,  
2 the Energy Commission, for example, will coordinate any  
3 kind of air-related actions with the local air districts,  
4 or with the Air Resources Board, and so on.

5           The working group will meet regularly to discuss  
6 the progress to the plan and adapt the plan to changing  
7 market conditions. So, if something works well, and we can  
8 adapt that action, take it a step further, we will. If  
9 something's just not working and the challenge is becoming  
10 a little bit worse than we thought it was, we will address  
11 that and alter the action accordingly.

12           We will also coordinate with stakeholders and  
13 other State agencies that are not included in the working  
14 group. We want to bring a number of people to the table to  
15 see what other challenges we have not addressed by the  
16 plan, what other actions we could bring into our arsenal to  
17 address these challenges.

18           And I guess that concludes my presentation. So,  
19 if you want more information on the Bioenergy Action Plan,  
20 both the 2011 Bioenergy Action Plan and the 2012 Plan can  
21 be downloaded from the Commission's website by going to the  
22 "renewables" tab, scrolling down to the "Bioenergy Action  
23 Plan," or you can go directly to the link on the screen.

24           And I will open it up to comments from the dais,  
25 thank you.

1                   CHAIRPERSON WEISENMILLER: Thank you. Let me  
2 see, actually, I think we have some public comment, so  
3 let's get the public comment and then we'll ask the  
4 Commissioners for questions for you, and responses. Okay.

5                   First, Tim Tutt.

6                   MR. TUTT: Good afternoon. Thank you Chair  
7 Weisenmiller, Commissioners. Thank you, Gary, for the good  
8 presentation.

9                   I just had two points of information on this  
10 informational item in front of you today. The Bioenergy  
11 Action Plan, the 2012 plan proposes actions to address  
12 regulatory and other challenges that have held back  
13 distributed generation from biomethane or bioenergy, and  
14 biomethane injections into pipelines, and it specifically  
15 mentions, of course, the long-standing issue of gas utility  
16 tariffs preventing some landfill gas injection to pipelines  
17 in the State.

18                   We're just going to suggest that one of the  
19 current sort of barriers to biomethane use is your agency's  
20 actual suspension of biomethane that is still in place.

21                   And encourage expedited removal of that  
22 suspension once the bills that are currently on the  
23 Governor's desk get handled by him one way or the other,  
24 that removal of that suspension will have a great near-term  
25 impact on the biomethane market in general. Please?

1           And then, secondly, the Bioenergy Action Plan  
2 proposes that a certain amount of -- or a significant  
3 amount of the EPIC funding that's being considered be  
4 addressed to some of the bioenergy issues.

5           And one suggestion I would have is to maybe  
6 address some of that research funding to looking at the  
7 actual benefits and impacts of bioenergy and biomethane on  
8 the State.

9           It might be implicit in the concept that there is  
10 a Bioenergy Action Plan that the State believes that  
11 bioenergy is good for the State, but there's been some  
12 claims brought up in the last year or so that some parts of  
13 the bioenergy market are not good for the State, and you  
14 should really do some comprehensive research to address  
15 those claims and address those issues. Thank you.

16           COMMISSIONER PETERMAN: Mr. Tutt, thank you for  
17 your comments. And I know that SMUD has a significant  
18 amount of various types of bioenergy resources in its  
19 portfolio.

20           And you mentioned EPIC funding, and for those who  
21 are not familiar, for the first three years of the  
22 investment plan EPIC will provide a minimum of \$9 million  
23 to do work and research in bioenergy.

24           Now, considering that the public utilities are  
25 not a part of that EPIC proceeding, could you speak to what

1 plans SMUD has to do research and work on bioenergy, and  
2 could you speak to the funding that's been spent to date by  
3 the utility in that area?

4 MR. TUTT: I don't have a total for the funding,  
5 Commissioner, but we've done a lot of research on bioenergy  
6 at SMUD, including a comprehensive study of the potential  
7 for bioenergy in our service territory, and in surrounding  
8 areas.

9 We've funded a variety of several research  
10 projects developing bioenergy production at local dairies.  
11 We have two dairies in production and two more that are  
12 coming online soon, and we're considering adding another  
13 dairy or two.

14 And, actually, we've looked at the potential for  
15 funding with kind of -- or at least partially funding this  
16 kind of impacts benefits analysis from our own perspective.

17 So, we're doing quite a bit. I know there's  
18 others that I'm leaving out and, if you give me the  
19 opportunity, I can provide you a comprehensive compendium  
20 of our research on bioenergy.

21 COMMISSIONER PETERMAN: Well, thank you for that.  
22 And as EPIC moves forward, I am looking to our public  
23 utilities, particularly leaders like yourself, and LADWP,  
24 to invest in similar types of projects for your ratepayers,  
25 as well, so they can also receive some of the benefits for

1 moving towards those cleaner resources.

2 MR. TUTT: Duly noted.

3 COMMISSIONER PETERMAN: Thank you.

4 CHAIRPERSON WEISENMILLER: Tamara?

5 MS. RASBERRY: Thank you, Mr. Chair; once again,  
6 Tamara Rasberry representing the Sempra Utilities, Southern  
7 California Gas Company and San Diego Gas & Electric.

8 And we were very pleased to see our company  
9 specifically named in the Bioenergy Action Plan, on page  
10 29, if you haven't read it, regarding our biogas tariff  
11 that's pending in front of the PUC.

12 I'm pretty sure I've talked to all of you about  
13 bioenergy plan and, again, for the Gas Company and SDG&E a  
14 priority for the company and a large investment of our  
15 resources into developing this market.

16 As this plan moves forward into action, in  
17 actionable items, I would like for you to consider us a  
18 partner in moving this forward.

19 We were disappointed that the Legislature wasn't  
20 able to pass SB1455, Senator Kehoe's bill to extend the  
21 AB118 program. But I think in that failure this will be  
22 pursued and this will be an opportunity to incorporate,  
23 maybe, some of these action items into new legislation that  
24 may come out of the AB118 extension. Because plans are  
25 good, but we know in California that they are supported by

1 the State, and by that I mean financial support, then we  
2 actually see some measurable items that we can consider a  
3 success.

4 I was also pleased to see that on the last page  
5 the offset protocols for AB32 is a priority for the  
6 Commission, and that's also a priority for the gas  
7 companies, so we would like to move forward with you all on  
8 this, also. Thank you.

9 COMMISSIONER PETERMAN: Thank you. And I was  
10 just going to say I do see the utilities as vital partners  
11 in this work, so thank you for your careful read of the  
12 plan and looking forward to working with you all on the  
13 implementation.

14 MS. RASBERRY: Great, thank you.

15 CHAIRPERSON WEISENMILLER: Okay, Valerie Winn.

16 MS. WINN: Hi, Valerie Winn with PG&E. I, too,  
17 thank the staff for this presentation. I have to say I'm a  
18 little behind and haven't had an opportunity, actually, to  
19 review this. I must have missed a list serve or something.

20 I did want to say that, you know, PG&E is  
21 supportive of bioenergy as part of its portfolio in  
22 providing a diverse supply to its customers.

23 But, certainly, one of the things that we're  
24 always considering when we're looking at bioenergy is, you  
25 know, how can we include that in a way that's safe for our



1 systems, affordable for our customers, and helps us  
2 provide reliable energy.

3           You know, we are the largest purchaser of biomass  
4 in the State and it's a significant part of our current  
5 renewables portfolio.

6           We were among the first to go out and sign dairy  
7 biogas contracts and work through those many issues of gas  
8 quality, and how to inject it in our pipelines. And we  
9 were successful in getting some of those online, although  
10 some of those facilities have had other issues and may not  
11 currently be producing.

12           And that's just -- I just wanted to make a few of  
13 those points and our focus really is on, you know,  
14 affordability for our customers and the gas quality.

15           Biogas, in many ways, was very cost competitive  
16 when natural gas was at \$8 net per MMBtu, and you're  
17 willing to pay a premium at that point for bioenergy.

18           When natural gas is at \$3 per MMBtu that cost  
19 premium for our customers is significant.

20           So, I appreciate the focus on how can we drive  
21 down and remove some of the barriers to getting biomass to  
22 the market, or biogas to the market, so that it can be cost  
23 competitive with other sources.

24           The other issue with gas quality, not all biogas,  
25 biomethane is the same. And while we were able to get the

1 dairy biogas to point where it was of acceptable and  
2 consistent quality to take in our system, we do have  
3 continuing concerns about landfill gas and our ability to  
4 accept that into our pipelines, just because it can cause  
5 corrosion on the pipes and we want to make sure that public  
6 health and safety is not endangered by injecting all types  
7 of biogas into our system. And we look forward to working  
8 with you on addressing those issues. Thank you.

9 COMMISSIONER PETERMAN: Thank you, Ms. Winn. And  
10 I'll just comment that when this plan was released, which  
11 was in August -- is that correct, Gary? In August, it  
12 happened to be -- it missed the flurry of the end of the  
13 legislative session. And so there was a press release from  
14 the Governor's office.

15 But as was noted by Gary, there are a number of  
16 agencies that worked very hard, in a coordinated effort, to  
17 produce this update and so all the agencies, through their  
18 different mechanisms, will be presenting the information  
19 because it really was a collective effort. So, we won't be  
20 adopting it formally as it really is something for the  
21 whole State, and really has the executive leadership behind  
22 it.

23 And I will say, from participating in the  
24 meetings, the meetings on this really involved the heads of  
25 different agencies, the heads of divisions and because

1    there was that attention from the top -- you know,  
2    attention from the top and work from the bottom, if you  
3    will, because I'm looking at Gary and Heather Raitt did a  
4    tremendous amount of heavy lifting on this effort.

5               But I think we're all committed to it. We see  
6    how it really does span a number of different agencies and  
7    priorities and he touched upon a few that each of the  
8    stakeholders involved is thinking about a variety of  
9    issues, greenhouse gases, air quality, safety and certain  
10   resources are preferable to others, depending on what  
11   you're trying to optimize.

12              And so the plan works to acknowledge that, as  
13   well to acknowledge the role of bioenergy in the  
14   transportation sector, as well.

15              And so we appreciate your comments and, again,  
16   look forward to working with you as a partner.

17              MS. WINN: Thank you.

18              CHAIRPERSON WEISENMILLER: So, Commissioners, any  
19   questions or comments for Gary, or for any of the -- any of  
20   our colleagues we just heard from?

21              COMMISSIONER MC ALLISTER: Well, I'd just say  
22   nice job and, you know, all the good work, clearly a lot of  
23   heavy lifting on that.

24              And, you know, to echo a little bit what Ms. Winn  
25   said, I think not bioenergy is created equal. I think, you

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1 know, going forward and looking at the possibilities for  
2 landfill gas is really important. There's a lot of it out  
3 there but we have to have comfort, everybody has to have  
4 comfort with its ability to be cleaned up and injected, so  
5 that's a good activity going forward and I think we'll  
6 produce some good results. And, yeah, those are the extent  
7 of my comments.

8 COMMISSIONER DOUGLAS: Well, I also appreciate  
9 the presentation and your hard work on this so, thank you.

10 COMMISSIONER PETERMAN: I'll also just add,  
11 because we didn't focus on it in the presentation, and it  
12 really wasn't the focus on the plan, that the State's  
13 interest in bioenergy also provides an opportunity to have  
14 renewable development in different parts of the State.  
15 Particularly as we look at areas hard hit by the economic  
16 recession, such as the Central Valley, Tulare County, these  
17 are areas that have a resource that is going to waste.

18 And, really, that's one of the interesting things  
19 about bioenergy, the opportunity to use the waste stream.

20 I was on a panel yesterday, and the EPA had a  
21 symposium on bioresources policy, and I was on a panel with  
22 someone from the San Joaquin Air District, and they were  
23 talking about how Tulare County is very proud to be the  
24 largest producer of cow waste and we don't want to let  
25 those resources go to waste. How many times can I say

1 "waste" in once sentence, if you will?

2 And so there really are some job opportunities  
3 and economic development opportunities here. So, even  
4 these are complicated and complex issues to work through,  
5 we are supportive of doing that.

6 So, Chairman?

7 CHAIRPERSON WEISENMILLER: Yeah. Again,  
8 certainly, Gary, we want to thank you for your hard work on  
9 this and for the nice presentation.

10 CHAIRPERSON WEISENMILLER: With that, the  
11 minutes?

12 COMMISSIONER DOUGLAS: Approval of the minutes.

13 COMMISSIONER PETERMAN: I'll second.

14 CHAIRPERSON WEISENMILLER: All those in favor?

15 (Ayes)

16 CHAIRPERSON WEISENMILLER: Lead  
17 Commissioner/Presiding Member reports. Go ahead.

18 COMMISSIONER PETERMAN: I'll start since I'm on  
19 the left. It has been a busy few weeks, probably a busy  
20 year for all, many things to report back on. Let me just  
21 recall the ones that come to mind.

22 At the end of last week I was in Los Angeles, at  
23 Port Tech, L.A.'s expo. The Ports of L.A. and Long Beach  
24 held a symposium focused on clean tech technologies.

25 And we, the Energy Commission, was present

1 because we funded a number of initiatives related to the  
2 port and goods movement. Specifically, we participated in  
3 a press conference on Trans Power, a company in Southern  
4 California that has produced an all-electric truck that can  
5 move up to 80,000 pounds of cargo.

6 And when we're really looking at some of the  
7 needs in the alternative fuels sector, medium-, heavy-duty  
8 vehicles are about two percent of the State's vehicles, but  
9 16 percent of fuel use.

10 And so, opportunities to displace petroleum and  
11 diesel usage, particularly along some of those corridors,  
12 is incredibly important.

13 And the ports have already done a tremendous job,  
14 I think they've reduced their NOx emissions by 75 percent,  
15 and they're looking for opportunities to further do that  
16 through electrification and alternative fuels.

17 So, I'd like to thank our Media Office for being  
18 proactive and helping to coordinate some of the press  
19 coverage of that event because we want to get these good  
20 stories out there. It will take a tremendous amount of  
21 more investment.

22 As I noted in my speech there, the AB118 program  
23 is a sizeable investment in alternative fuels and vehicles,  
24 \$100 million annually. But that \$100 million annually is  
25 less than Californians spend on gasoline in a day, which is

1     \$200 million.

2                 So, obviously, the State will be an investor in  
3     these areas, but we really do need that private investment,  
4     as well as that federal support.

5                 So, let's see, and I'll think about what else I'm  
6     doing after everyone else speaks.

7                 COMMISSIONER MC ALLISTER: Well, goodness, I'm  
8     really getting my -- fully embedded in the various topics  
9     in energy efficiency and trying to push them forward.

10                In particular, I think, you know, as we talked  
11    about earlier in the meeting, figuring out sort of the  
12    applicability of the load order -- loading order, figuring  
13    out how it can move on all fronts, you know, while we're  
14    faced with resource concerns. Trying to frame the Southern  
15    California SONGS being offline as an opportunity to learn  
16    and to implement some innovation without, obviously,  
17    sacrificing reliability.

18                I think it's something that's coming up in the  
19    energy efficiency activities and demand response  
20    activities, where the agencies and Governor's office are  
21    very tuned in to these issues. And I think it's creating a  
22    bit of a -- a nice environment for having discussions and  
23    trying to figure out plans for pushing all these things  
24    forward in a substantive way, and not just -- not talking  
25    about them, but actually figure out, okay, how can we

1 determine or how can we plan for making demand response,  
2 and other deployable resources, like storage, workable,  
3 doable.

4 And I think we're all working on that in our own  
5 ways. And I think demand response is one that's been  
6 hanging around there for a while. That needs to sort of  
7 get tuned up to be truly usable in the ways that we already  
8 talked about earlier. So, I'm excited to push that  
9 discussion.

10 AB758 we're trying to move forward on. Staff has  
11 worked really hard on that and that's the statewide  
12 retrofit program, the Skinner Bill from a few years ago.  
13 We're working on the implementation and development of the  
14 process in earnest. In October we'll have some workshops  
15 on, really, to get all the smart -- as many smart people in  
16 the room as we can to talk about, really, the various  
17 issues, financing, workforce development, and really all  
18 what the contractors need to be able to make this  
19 marketplace work for retrofits on both non-residential and  
20 residential.

21 So, I think if we can support the marketplace and  
22 get it to scale more quickly than it has in the last few  
23 years, then it can have a huge impact on California long  
24 term, and it could improve our citizens' lives in a lot of  
25 ways that actually don't have anything to do with energy,

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1 but are comfort and health, and all this other stuff, and  
2 home values, and our economy, and et cetera.

3 So, I think there are a lot of collateral  
4 benefits to this but, fundamentally, there's a lot of  
5 energy to be saved and there's a lot of buildings that  
6 aren't optimized.

7 So, hopefully, we can figure out a road to allow  
8 the marketplace to provide those services and save people a  
9 lot of money.

10 You know, so those are my organizing principles  
11 at the moment.

12 CHAIRPERSON WEISENMILLER: Yeah, I'll hit three  
13 topics. I mean, first, for those of you who listened to a  
14 podcast on iTunes, at this point in terms of our media  
15 reach I had two interviews with Go Green, and they're now  
16 available -- myself and Suzie Moser on climate change  
17 adaptation and vulnerability studies, and they're now  
18 available for download on iTunes.

19 Yeah, actually, we had a great session the first  
20 time and they invited us back for a second session. We  
21 went through all the questions, so I don't think we're on  
22 tap for a third, but who knows.

23 But, anyway, they're pretty -- again, we're  
24 trying to get out the message on what's been some fairly  
25 complicated science in a way that's, you know, looking for

1 the various channels to get that out to the public.

2 On similar complicated science, Joan and I went  
3 down to San Onofre on the 31st and did a tour there. I  
4 guess a couple of things. I mean one is that when you get  
5 to they hand you the earplugs for the noise and, of course,  
6 the whole thing is dead silence, you know, it's -- so, I  
7 had the unopened earplugs at this stage. And it was pretty  
8 clear, for people who operate power plants, they were not  
9 happy to hear all the silence on the site.

10 We got a pretty good demonstration from Arriva  
11 on -- for those of you know, on the gas side, we're talking  
12 about pigging the pipelines. Well, these are essentially  
13 similar things that they are sending in these probes  
14 through each of the tubes, and measure any current and  
15 stuff to look for faults, and thinning in the walls. So,  
16 it was interesting to sort of see that demonstration of the  
17 various pigs -- well, I'm going to say "pigs" but, anyway,  
18 whatever the electrical term would be for that, and the  
19 data analysis they were using to do the measurements.

20 At that point the expectation was they would file  
21 a letter application with the NRC sometime in mid-  
22 September, this has sort of slipped a couple of times. I  
23 just saw that the chair of the NRC is expecting it more  
24 like, now, in early October.

25 So, that, obviously, only covers unit 2. Unit 3,

1 everyone is -- well, knows the situation is much worse,  
2 but that Edison has to do a demonstration, now, on unit 2,  
3 whether it's safe to bring it back to service, under what  
4 conditions, and for how long.

5 That, obviously, is then leading to the  
6 Administration's efforts to come up with a contingency  
7 plan. Where, again, as a contingency plan you want to do a  
8 worse case, and the assumption is that neither unit will be  
9 available on the summer of 2013 or 2014.

10 And as I said, San Onofre 2 may well be, it may  
11 not be, but it may be. While 3 is pretty clear it will not  
12 be.

13 And Edison has announced sort of a downsizing of  
14 staff and that the fuel will be unloaded from unit 3  
15 sometime this month.

16 So, again, as we -- I keep pushing staff on the  
17 proverbial question of as you look at LTP, or if you look  
18 at any of the number of things we're doing, you know, the  
19 study on air quality in South Coast.

20 Well, we know one thing that's going to be the  
21 case is that near term it's not -- unit 3 is not there, so  
22 how is that being reflected in our analysis?

23 And so far, everyone seems to be trying to stake  
24 around that elephant, ignore the elephant there. But it  
25 certainly affects our analysis, certainly, the PUCs

1 ignoring to see an elephant in the LTP at this point.

2           So, there's that part and, actually, many of us  
3 were at the CAISO's symposium and heard those issues. I  
4 was involved in a press conference there with  
5 Commissioner -- or President Peevey, Steve Berberich, and  
6 Bob Foster on -- we topped a thousand megawatts of utility-  
7 scale generation on the ISO system. Actually, conveniently  
8 enough, it occurred during the Flex Alert. It was solar,  
9 but it occurred during the high load periods in Southern  
10 California, it was the first time we topped 1,000, so that  
11 was nice.

12           The other thing that was really noticeable there,  
13 and again, to talk about impacts, when they did the Flex  
14 Alert you could see loads drop 1,000 megawatts relative to  
15 what the expectation was. So, again, it shows how people's  
16 involvement can make a difference. And, certainly, in this  
17 situation it's necessary.

18           But we had the press conference, I think a lot of  
19 us did break-out sessions or other aspects. I introduced  
20 President Peevey for the luncheon speech. And I thought it  
21 was a good, sold-out event.

22           So, we've all gone. No comments?

23           Okay, Chief Counsel's report.

24           MR. LEVY: Commissioners, I'd like to request a  
25 Closed Session on Item d., on the Closed Session agenda,

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1     which is Latteri v. Energy Commission, please?

2             CHAIRPERSON WEISENMILLER:   Okay, we'll do that.

3     Michael, do you have an estimate of how much time for that?

4             MR. LEVY:   Five minutes, ten minutes.

5             CHAIRPERSON WEISENMILLER:   Yeah, I thought maybe

6     we would go into that in five minutes.

7             MR. LEVY:   Sure.

8             CHAIRPERSON WEISENMILLER:   Okay, Executive

9     Director's report.

10            MR. OGLESBY:   Short report.   I'd like to announce

11     the -- well, first, to preview, our long-time employee, Pat

12     Perez, the Deputy Director for the Fuels and Transportation

13     Division is going to be retiring in November, and we

14     conducted a recruitment effort, a hiring effort, and I'm

15     very pleased to announce that Randy Roesser, who's served

16     well here at the Energy Commission, particularly most

17     recently for his tireless service for the ARRA projects,

18     has been named his successor.

19            CHAIRPERSON WEISENMILLER:   And, of course, we're

20     going to ask for assurance that the ARRA stuff will be

21     pushed over the fence, even with that move.

22            MR. OGLESBY:   Well in hand.

23            CHAIRPERSON WEISENMILLER:   Public Adviser?

24            MS. JENNINGS:   I have nothing to report, thank

25     you.

1 CHAIRPERSON WEISENMILLER: Thank you.  
2 Public Comment?  
3 Okay, so we are going to take a brief recess and  
4 we'll be back.  
5 (Off the record for the Executive Session  
6 at 3:52 p.m.)  
7 (Reconvened at 4:00 p.m.)  
8 CHAIRPERSON WEISENMILLER: The Executive Session  
9 is over, this meeting is adjourned.  
10 (Whereupon, at 4:05 p.m., the business  
11 meeting was adjourned.)  
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